



Daily Report

Latin America

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Paraguay's Wasmosy: Chile, Bolivia To Join Mercosur

PY0301011295 Brasilia Voz do Brasil Network in Portuguese 2100 GMT 2 Jan 95

[By Luiz Augusto Mendonca at Planalto Palace]

[FBIS Translated Text] Two more countries announced their political intention of joining the Common Market of the South, Mercosur. Chile and Bolivia have announced their political decision of joining Mercosur. This was reported to the presidents of Brazil, Argentina, Uruguay, and Paraguay by Chilean President Eduardo Frei and Bolivian President Gonzalo Sanchez de Lozada during the meeting held late this morning at Planalto Palace. Paraguayan President Juan Carlos Wasmosy reported:

[Begin Wasmosy recording in Spanish] I believe that the most important thing is the political decision announced by Bolivia and Chile of joining the Mercosur. [end recording]

During the meeting, President Fernando Henrique Cardoso signed a message to the national Congress concerning the

accords already signed during the Ouro Preto summit. President Cardoso praised the Mercosur. He said he believes that never before in history has an accord been reached so quickly or caused so many changes in the countries that comprise it, or in the relations these countries have with other countries of the world.

[Brasilia Voz do Brasil Network in Portuguese at 2100 GMT on 2 January, in the same newscast, carries a related report that adds the following: "President Cardoso today signed the first public act of his government's foreign policy, a message to the national Congress asking for approval of the Ouro Preto Protocol. This document, which was signed by the Mercosur presidents, gives legal status to the Mercosur. As the message was being signed, Cardoso said that the Mercosur represented his yearning for integration. He said: 'I would say that currently this integration is spiritual. The economic integration is certainly the basis, but that is not all. The facility with which we currently communicate derives from a confluence of feelings and values that makes us really brothers. I am certain that soon Chile and Bolivia will join this brotherhood.'"]

Cuba

Assembly President Heads Delegation to Brazil

PA3112171994 Havana PRENSA LATINA in Spanish
0431 GMT 31 Dec 94

[By Francisco Forteza]

[FBIS Translated Text] Brasilia, 30 Dec (PL)—Cuban National Assembly President Ricardo Alarcon heads the official Cuban delegation which arrived today in this capital to participate in the inauguration of the Brazilian president-elect, Fernando Henrique Cardoso.

Alarcon told a group of reporters upon arrival that he brings a message of friendship from President Fidel Castro and that he expresses a desire to continue developing the existing beneficial bilateral relations.

The president of the National Assembly of the People's Government said the ties between the two nations have continued to increase in various fields, particularly in the trade and economic sectors.

He said he believes the trend will continue and praised Brazil for being a nation with a coherent policy for the defense of Latin America's independence and integration.

He described Cardoso, who will occupy the Presidency on 1 January, as a serious intellectual whose works are a contribution to the analysis of Latin American reality.

The Cuban delegation also includes Deputy Foreign Minister Jorge Bolanos and Cuban Ambassador to Cuba Ramon Sanchez Parodi. The delegation will meet with Brazilian dignitaries, members of Congress, and other foreign guests to the inauguration ceremony during its stay in Brazil.

Regarding the Brazilian Congress, Alarcon said it is the main foundation of Parlatino (the Latin American Parliament), headquartered in Sao Paulo in southeastern Brazil. Alarcon said Cuba in Parlatino is jointly working with the Latin American community toward integration in this field, and he spotlighted the work being done by the health group in that organization.

One dozen heads of state and 115 foreign delegations will attend the presidential inauguration in the Plaza of the Three Powers in the center of Brasilia the afternoon of 1 January.

Delivers Revolution Anniversary Address

FL0201025895 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 2 Jan 95

["Message to the Cuban people" by Ricardo Alarcon de Quesada, president of the National Assembly of the People's Government, on the occasion of the 36th anniversary of the triumph of the Revolution, in Brasilia, Brazil, date not given—recorded]

[FBIS Translated Excerpt] [passage omitted] The Cuban people, united, and all together, should continue in 1995 for another year to endeavor to confront problems and overcome them one by one. Few peoples in the world can presently afford to do this. Other peoples still must create scenarios and live off dreams, imagining that perhaps someday somehow they will leave behind their poverty, backwardness, and immense problems, because they lack a government and a society organized and grounded on the principle that the problems of each citizen are the problems of the entire society.

Says Cubans Proved Resistance in 1994

PA0201151595 Havana Radio Havana Cuba in Spanish
1300 GMT 2 Jan 95

[From the "Morning Information Review" newscast]

[FBIS Translated Text] Ricardo Alarcon, Cuban parliament president, has said in Brasilia the Cuban people proved in 1994 their capacity to resist and progress amid difficulties. Alarcon, who heads the Cuban delegation to the official ceremony marking the inauguration of the new Brazilian president, has told Cuban reporters 1995 will represent a new stage of efforts so that we can solve our country's problems together.

He has said Cuba has been able despite everything to save a society that is incomparably more superior than any other, regardless of its limitations. It is a society, he added, where there are no abandoned children, no one is denied health and education services, and where we all try to face the difficulties and resolve them together, he concluded.

Describes Talks With Brazil's Cardoso

FL0201234295 Havana Radio Rebelde Network in Spanish 1800 GMT 2 Jan 94

[FBIS Translated Text] Ricardo Alarcon, president of the National Assembly of the People's Government, described his meetings with political personalities in Brazil as very satisfactory. Alarcon met with (Miguel Arraez) and (Cristo Vanbuelque), governors of Pernambuco and Brasilia respectively, as well as with (Pierre Shori), Swiss minister of International Cooperation. He held a telephone conversation with Frei Betto and with (Victor Guaray), governor of Espirito Santo. Our correspondent Rosa Maria Godoy has more details.

[Godoy] Alarcon explained that the conversations were held in an atmosphere of respect and congeniality toward Cuba. He added that there is Brazilian interest in expanding relations in whatever areas possible.

[Begin Alarcon recording] When I spoke with President Cardoso and with the governors, many of whom I met with yesterday, they insisted on the need to find solutions to the serious social problems affecting the Brazilian people. They spoke of the importance of literacy, education, and the need to solve crucial problems in the

public health sector. They discussed the need to develop sports as a right of all the people.

Just yesterday, President Cardoso spoke to me about developing national culture, including the role [words indistinct] communications. One can see that the Cuban experience could modestly support and strengthen this effort. [end recording]

Comments on Brazilian Solidarity

FL0201001995 Havana Radio Rebelde Network in Spanish 1800 GMT 31 Dec 94

[From the "National Radio News"]

[FBIS Translated Text] Ricardo Alarcon, president of the National Assembly of the People's Government, has stated in Brasilia that perhaps Brasilia is the city that displays the most intense and warmest solidarity with Cuba. Alarcon heads the Cuban delegation to participate in the swearing-in ceremony of Brazilian President-elect Fernando Henrique Cardoso. On relations between the peoples of Cuba and Brazil, Alarcon said that the solidarity comes from people very closely related to Cubans despite the language difference.

[Begin Alarcon recording] One cannot find opposition to the Cuban Revolution here. It is hard to point out any particular political leader or personality in Brazilian society who has shown opposition to Cuba. On the other hand, the list of political, cultural, and social personalities who are active supporters of the Cuban Revolution would be endless. [passage indistinct] [end recording]

Alarcon also stated that he brings a message from Commander in Chief Fidel Castro, of friendship, warmth, and reaffirmation of the Cuban desire to continue the respectful bilateral relations between the two countries, as well as his confidence that relations with Cardoso's government will continue.

Vice Foreign Minister Jorge Bolanos and Ramon Sanchez Parodi, Cuban Ambassador to Brazil, also comprise the Cuban delegation. The swearing-in ceremony will take place on 1 January in the Government Palace. The majority of the invited leaders will arrive early Sunday morning although some arrived earlier, such as Peruvian President Alberto Fujimori.

Envoy to Brazil Terms Bilateral Ties as Good

PA3112163694 Havana PRENSA LATINA in Spanish 1601 GMT 30 Dec 94

[By Francisco Forteza]

[FBIS Translated Text] Brasilia, 30 Dec (PL)—Cuban Ambassador to Brazil Ramon Sanchez Parody today termed as good the relations between the two countries although he said there is a great potential waiting to be exploited.

In an interview with PRENSA LATINA, the diplomat said there is room for improvement in relations regarding official and commercial exchange, which is expected to expand.

Cuban-Brazilian ties, he said, have been continuously improving since the resumption of diplomatic relations in 1986. At that time, Sanchez said, bilateral ties had been suspended for 22 years, and a rapid rapprochement was needed, given the internal peculiarities of Brazil, which was then immersed in a period of redemocratization.

He also affirmed Cuba was forced to confront a complex economic situation during the special period, which began in 1991 following the disappearance of the Socialist bloc and the tightening of the U.S. blockade against the island implemented more than three decades ago. That reason is why, he said, the process has not concluded since 1986. Sanchez added there is still much work to be done although much has been done to analyze the possibilities.

He mentioned the area of health as a branch in which ties may continue to improve because Cuba has a broad range of useful services and resources to offer that South American country.

Sanchez said both countries have many similarities in their characteristics, and these similarities contribute in furthering those ties.

The ships that brought Africans to America for exploitation as slaves, he recalled, came first to this South American country and then continued to the islands of the Caribbean, therefore, both countries were created in a similar manner in terms of ethnicity.

The envoy said the Europeans who settled today in the territories occupied by these states came from the Iberian Peninsula, a point which strengthens the ties of association. He added there is even an Asian component that complements the cultural similarity.

The similarities in the temperament between the two peoples lie in those elements according to Sanchez, but he noted the Brazilian territory is 77 times larger than Cuba, and its population is 14 times as large, facts which produce certain significant differences.

The Cuban ambassador said there is a feeling here of friendship and cooperation both at the government level and among the people. This point represents an important reality, which is also encouraging for a diplomat who seeks to promote bilateral ties, the official said.

Stating his wishes for Brazil over the next four years, he said he would like to see an advancement in the solution to social problems and the achievement of greater equality.

Regarding the outgoing Brazilian Government, Sanchez praised its position on respect for Cuban sovereignty. He

concluded by expressing confidence this positive attitude, which is gaining strength among Latin American nations, will be maintained.

Notes 'Enormous' Bilateral Potential

FL3012234994 Havana Radio Rebelde Network in Spanish 1800 GMT 30 Dec 94

[From the "National Radio News"]

[FBIS Translated Text] Cuban Ambassador to Brazil Ramon Sanchez Parodi described relations between Cuba and Brazil as good but pointed out that there is still enormous potential waiting to be tapped. In an interview with PRENSA LATINA, the Cuban diplomat pointed out that conditions are positive for this and that official and business expansion is expected. Sanchez Parodi highlighted the fact that Cuban-Brazilian ties have been continuously increasing since the resumption of diplomatic ties in 1986. The Cuban ambassador added that when ties were reestablished back in 1986 it had been 22 years since those relations had been broken. Sanchez Parodi told PRENSA LATINA that relations could be strengthened in the health care sector since Cuba has the experience to offer a broad range of services and resources that would be useful in that South American country. The Cuban diplomat added that there are feelings of friendship and cooperation at the official level and among the population. This constitutes an important reality, comforting to a diplomat who seeks to promote bilateral relations.

In expressing his best wishes to Brazil for the next four years, Sanchez Parodi stated that he would like to see progress in the solution to social problems and the achievement of more equality. On the outgoing Brazilian Government, he praised its position on Cuban sovereignty and offered his assurance that that positive attitude would prevail and gain strength among Latin American nations.

The new president of Brazil, Fernando Enrique Cardoso, will be sworn in on Sunday, 1 January 1995.

Vice Minister on Cuban-Latin American Ties

FL0201195895 Havana Radio Rebelde Network in Spanish 1800 GMT 2 Jan 95

[From the "National Radio News"]

[FBIS Translated Text] Jorge Bolanos Suarez, vice minister of foreign relations, and member of the Cuban delegation attending the inauguration of the new president of Brazil, Fernando Henrique Cardoso, discussed Cuban-Latin American relations with journalists covering the ceremony.

Vice Minister Bolanos, former Cuban ambassador to Brazil, described Cuba's prospects and relations with Latin America as excellent; he affirmed that Cuba's ties with Mexico, Brazil and Colombia are coming along very

well, and added that these nations have the best economic track record in Latin America. Regarding Cuban-Brazilian ties, Bolanos said that they are being reaffirmed under a cordial and fraternal viewpoint.

During the news conference in Brasilia, Bolanos announced that 20 of the 26 Brazilian state governors have expressed their desire and interest in carrying out free flowing cooperation with Cuba. In response to an eventual renewal of Cuban-Chilean relations at the embassy level, Bolanos said that it is just talk, and went on to emphasize that the Cuba is not interested in pressuring Chile on the issue because the existing ties are considered appropriate.

Views Ties With Latin America

PA0201192595 Havana PRENSA LATINA in Spanish 1618 GMT 2 Jan 95

[FBIS Translated Text] Brasilia, 2 Jan (PL)—Cuban Vice Foreign Minister Jorge Bolanos said today prospects for relations between Cuba and Latin America are excellent.

Bolanos is a member of the Cuban delegation that attended the inauguration of Brazilian President Fernando Henrique Cardoso yesterday.

In an analysis made before reporters covering the inauguration, Bolanos affirmed Cuba's ties with Mexico, Brazil, and Colombia are developing satisfactorily. He said these nations have the greatest economic influence in Latin America.

Referring specifically to Cuban-Brazilian relations, Bolanos, a former Cuban ambassador to Brazil, believes they are being reaffirmed in a cordial and fraternal manner.

He said of the 26 state governors in Brazil, 20 have expressed their desire to have smooth relations with Cuba.

Referring to Mexico, Bolanos said Cuban relations with that country have a strategic aim. Regarding Canada, he said traditional ties are being reestablished.

Bolanos included the Caribbean in his analysis of the region and announced a conference on Caricom (Caribbean Common Market) and Cuba would be held in Havana in January.

Bolanos defined bilateral ties with Colombia as important and cited a recent editorial from EL TIEMPO, one of the most influential and widely read newspapers in Latin America, in which the U.S. blockade of Cuba was rejected.

In response to the eventual renewal of relations at an embassy level between Cuba and Chile, Bolanos clarified these speculations were only rumors, saying that there is

no interest in applying pressure on that Latin American nation in that effect and that he believed current ties with that nation were good.

Commentary on Future Location of U.S. Southern Command

PA3112163394 Havana Radio Havana Cuba in Spanish
0100 GMT 30 Dec 94

["Our America" commentary by Miguel Angel de la Guardia: "Where Will the U.S. Southern Command Headquarters Go When It Has To Leave Panama?," from the "Evening Information Review" newscast]

[FBIS Translated Text] The U.S. military installations, particularly the Southern Command, a true police enclave aimed at the rest of the hemisphere, will have to move from Panamanian soil according to the Torrijos-Carter Treaties on the return of the Panama Canal and its adjacent areas.

Another country of our America will have to bear the ominous presence of that imperialist claw on its territory if the idea that such headquarters are to be transferred to the United States, an idea that would not only be correct but morally just, does not prosper.

An article by Cuban General Jesus Bermudez Cutino published in GRANMA makes interesting comments about this matter. Bermudez expresses justifiable concern over a recent agreement by the House of Representatives of the Commonwealth of Puerto Rico through which it will ask the Washington Government to transfer the headquarters of the Southern Command to that Caribbean country, which already has important U.S. bases in its territory, adequate installations, and the appropriate geographical location to keep a vigilant look over the rest of the continent and to deploy large naval and other military forces if needed.

At the end of the so-called Summit of the Americas held in Miami only a few days ago, President William Clinton recalled liberator Simon Bolivar in an attempt to give ideological support to the association for prosperity between the United States and the rest of the continent. Of course, he forgot Bolivar's remark that it seems divine providence has destined the United States to plague America with calamities in the name of freedom. One of these calamities is the imposed U.S. military presence in countries of the continent with bases, such as Guantanamo in Cuba, which serve as the empire's police posts.

The well-known decision by the Puerto Rican chamber is doubly irksome to our nations, because one of its justifications is the advisability to have such installations established in U.S. territory, making it a foregone conclusion that Puerto Rico is such a place, when that island was snatched away from Spain as a booty of war at the end of the 19th century.

Another justification, this time from pragmatists, whose main concern is money, is that the Southern Command means jobs for approximately 9,000 people and more than \$500 million per year in services for the U.S. military personnel working for that institution. This point is at least what Panama will reportedly lose when the military enclave is withdrawn from its territory. This amount is, of course, much less than what the country will gain in independence, national dignity, security, and calm for its citizens.

One fact that must not be forgotten is that it was precisely from the Southern Command that the invasion of Panama was ordered and executed. We recalled this invasion recently because it left a bloody physical and moral mark not only on the isthmian people but on the entire continent.

The U.S. military presence in Panama has been a plague that will be 100 years old soon. The military presence in Guantanamo, Cuba, which is almost just as old, has no end in sight despite the Cuban people's unanimous rejection. If the burden of this oppressive boot falls on another nation of our America, it will be another sinister threat to which liberator Simon Bolivar would have never agreed. He would have fought it despite what President Clinton tried to make others believe during his closing speech at the so-called Summit of the Americas.

Nicaragua's Ortega Sends Message to Castro

PA0101150695 Havana PRENSA LATINA in Spanish
0116 GMT 1 Jan 95

[FBIS Translated Text] Havana, 31 Dec (PL)—Daniel Ortega Saavedra, leader of the Nicaraguan Sandinist National Liberation Front (FSLN), has expressed his assurance Cuba will continue forward in the strong defense of its rights.

Ortega said in a message to President Fidel Castro, marking the 36th anniversary of the victory of the Cuban revolution, this anniversary seals the hopes of the people who have identified themselves with the island's struggle.

The text mentions the special heroism, wisdom, generosity, and strength of the Cuban leader who has led the battle against the threats and aggression imposed by Washington.

Ortega has recalled that 1994 was a trying year of resistance in facing the brutal U.S. blockade, adding this year was also one that saw the growth in solidarity of the peoples of the world toward this country.

He has spotlighted the debates at the UN General Assembly where a great majority of nations clearly expressed their opposition to this measure of force by Washington, and he demanded an immediate end.

Diplomatic Negotiations With Chile To Begin

FL3112005394 Havana Radio Rebelde Network in Spanish 1800 GMT 30 Dec 94

[From the "National Radio News"]

[FBIS Translated Text] Within the next 15 days, according to official sources, the Chilean Government will commence negotiations to reestablish diplomatic relations with Cuba. These relations had been suspended following the 1973 coup. The same sources advised that all conditions needed to reestablish relations already exist and that the Chilean Government is interested in protecting the large number of Chileans with Cuban investments. The same sources used the examples of Mexico and Canada, which maintain very important trade agreements with Cuba, and mentioned that Chile and Paraguay are the only two Latin American countries that have not established ambassadorial relations with Cuba. The sources pointed out that these negotiations will have some effect on Chile's later negotiations for inclusion in the North America Free Trade Accord.

Robaina Holds Year-End News Conference

FL3112030994 Havana Radio Rebelde Network in Spanish 0000 GMT 31 Dec 94

[From the "Exclusive" program]

[FBIS Translated Text] Cuban Foreign Minister Roberto Robaina held an end-of-the-year news conference with national and international correspondents. Answering one of the questions, Robaina stated that he considered Cuban foreign policy's reflection of Cuba's reality a success.

[Begin Robaina recording] I am able to carry Cuba's message of resistance and victory now. I say victory now, not because our problems are solved, but because Cuba has been able to explain to the world that Cuba exists, Cuba lives, Cuba has its own voice, and Cuba is constructing its own path. This is a very important victory for Cuban foreign policy. The fact of the matter is that Cuba's foreign policy is born in Cuba, lives in Cuba, and exists in Cuba. Cuba lives, exists, works, and has its own voice, only because of what is done inside Cuba. We have had the honor of taking this victory to the world, and I say this with profound satisfaction. We have taken this victory to the world. Against all odds, Cuba is still standing, Cuba is building its own path, and of course Cuba continues on the road to saving what is essential for Cuba. It is what we want and is not negotiable in any process that we Cubans undertake. Even though this may seem paradoxical and complex, I feel chronically unsatisfied with my work because no matter how great my efforts may be in the international arena, I feel that I do not properly communicate Cuba's enormous efforts. [end recording]

Robaina also spoke about international work projects for 1995.

[Begin Robaina recording] There are no differences in the positions we held with Latin America in 1994. There is nothing more important to Cubans, not only to Cubans, but to the world we live in and to Latin America to which we belong, than to present ourselves to the

powerful as a united Latin America, as a Latin America that is willing to share what it has because there are many of us with needs, and there are many of us who do have things we wish to share. We, therefore, continue developing and strengthening economic and commercial relations in Latin America. [end recording]

Further on News Conference

PA3112223294 Havana Radio Havana Cuba in Spanish 0000 GMT 31 Dec 94

[Report by Isidro Fardales on a news conference by Foreign Minister Roberto Robaina with domestic reporters and foreign correspondents in Havana on 30 December; from the "Evening Information Review" newscast—passages within quotation marks recorded]

[FBIS Translated Text] [Fardales] At the last news conference of 1994, Foreign Minister Roberto Robaina addressed several issues on the spur of the moment. He had thought this would be a friendly get-together with journalists to welcome in the new year.

[Robaina] "I have come to the conclusion that you cannot have friends; you do not know how to have them and do not want to have them. Let me assure you, this is the last time I will try. I have no doubt that you do not want to have any friends. I did not come here to talk about anything other than what you would normally talk about with friends you enjoy seeing. No matter how hard Alfredo [not further identified] tried to make this an informal meeting, I must say I have never seen anything that is as informal as this so formally organized. I mean, to enjoy this time and chat with you with the cameras and gadgets in front of me, is by no means what one would expect for a 30 December or 31 December get-together.

"I am quite sure that nobody in Cuba, Uruguay, Mexico, or the United States holds a gathering quite like this for his family and friends. Apparently you do like to get together like this. Am I right? Nevertheless, I still say I have nothing special to discuss today. Honestly. The thing is that you almost always get your way. But I assure you that will end some day."

[Fardales] Since there was no other way out, the minister gave in to the domestic reporters and foreign correspondents accredited in Havana and to their questions, which included listing his priorities for 1995.

[Robaina] "I must stress that a new year does not necessarily mean new foreign policy priorities. Most of the priorities for 1995 come from what we did in 1994 and must now consolidate. One such priority in 1994 was completing this tour and reaching important parts of the world. From the viewpoint of exchanges, we must reach other parts of the world in 1995. We must be present at several significant events, for example the world development summit, the next Ibero-American summit, the nonaligned summit, and the upcoming meetings of the UN General Assembly. That covers the

events calendar. In these same parts of the world, however, there are many countries who have invited Cuba to visit; we may pay them that visit immediately."

[Fardales] Asked to describe his greatest successes and outstanding moments as leader of the Foreign Ministry in 1994, Roberto Robaina said:

[Robaina] "I believe our greatest success was in making our foreign policy a true reflection of what this country's life and feelings are about, to be able to get Cuba's message out. Ours was at first a message of resistance and then one of victory in company with the resistance. I say victory not because our problems are solved, but because we have been able to explain to the world that this country exists, it lives, it has a voice of its own, and that it is opening its own way. That is an important victory for our foreign policy, with the only difference being that it is not foreign policy that makes the country exist, live, and work. The country exists, lives, works, and has a voice because of what goes on inside the country.

"It has been a privilege to be part of this victory; I say this with the greatest satisfaction. It is a privilege to bring this victory to the world; that, against all odds, the country is still standing and building its own way and is of course determined to save what it believes is essential, that which we believe is not negotiable in any enterprise that we Cubans might undertake.

"Now, my personal satisfaction may seem somewhat contradictory and complex. The personal satisfaction that I constantly feel in my job is knowing that I will never be able to fully explain the gigantic effort that goes on in the country to the international community, no matter how hard I try. I find it hard to believe that the tours, the meetings, and even our ability to communicate even come close the efforts that the country is making, so I am proud to be dissatisfied with what I do.

"I think it is extremely important to be able to talk about events like the meetings of the UN General Assembly. The overwhelming majority that Cuba received for the proposal I presented for UN vote confirms how wrong it is that Cuba stands alone. Cuba alone? I can assure you that I have never felt as well accompanied as I did after that UN vote. I believe this bolsters the country's will to resist and continue on its path, while it shows the world the truth of the cause we defend."

[Fardales] Foreign Minister Roberto Robaina and the press also discussed Cuba's future relations with Latin America.

[Robaina] "They will not be very different from the priorities we had for Latin America in 1994. There is nothing more important to the world and Latin America, no longer just Cuba, than to stand before the powerful as a united Latin America, a Latin America capable of sharing what it has. There are many of us who lack many things, and there are many who have things that we

would like to share with others. We will continue along this same path and develop our economic and commercial relationships, while enhancing them with Latin America. Latin America has its place in the world because we won it through the Ibero-American summits. Summits like these, as well as those that have yet to be held, are part of our process. Only now we are not going to stop at good political relations, but will also press for those political relations that go along with commercial and economic relations.

"I think that in this era, Cuba and America must use diplomacy to resolve our own problems. Our country's priority is finding an economic way out and recovery. This requires especially some very broad exchanges with the world and—I say this without apprehension of any kind—with this region, Latin America."

[Fardales] Roberto Robaina announced that at the end of January 1995 he plans to make new tours in response to invitations from Japan, Thailand, Philippines, and the DPRK. He said this will complement his earlier tour through Asia, a tour he described as especially useful for Cuba.

On this occasion, he noted, he will report on our country's true situation, on our opening up to foreign investments, and on what the country can offer.

Regarding our country's outlook for 1995, Foreign Minister Roberto Robaina said:

[Robaina] "I think the achievements of 1994 and the way the year ended are guarantees for 1995. I say this because undoubtedly certain measures, that form part of a gigantic process that has been initiated and that has not ended, have been adopted. In my opinion, this means that in 1995 we will again have to make enormous efforts and sacrifices. It will be a very complex and difficult year. But I insist the worst is over. The worst is over, not because we lack fewer things or because we have fewer blackouts. Today, 24 hours before the end of 1994, I think the worst part is over because we had to show the world that we had the strength to resist what was coming our way. Our people did just that with courage and in an exemplary fashion.

"Very few people imagined Cuba would be able to resist through 1989, 1990, 1991, 1992, and 1993. I wanted to be with you to greet 1995, but you did not let me. You wanted to do it this way. But 1995 is in fact almost here. If you have no other plans, we can wait for the arrival of 1996 at a meeting like this or at one I would like to propose we have but that would be difficult to organize.

"Anyhow, the outlook for 1995 is one of very hard work and many efforts. This outlook does not speak of promises. The questions asked now about the country are different. Nobody is asking: When will the regime fall? People are beginning to ask: How has this miracle occurred? The miracle was performed through hard work. Our people bid farewell to 1994 and greet 1995 in

this way, thanks to two very important things for me, to two fundamental causes: the people themselves and the many friends we have in this world, friends who may not ideologically agree with our project but who do have respect for those who speak their own minds."

[Havana PRENSA LATINA in Spanish at 2007 GMT on 30 December, in a 300-word, Havana-dated report on Robaina's news conference, notes: "Robaina announced that in January he will tour Japan, Philippines, DPRK, Thailand, and Malaysia 'to tell them of our reality and to listen to what they have to say to us.'" Robaina also "announced that next month the foreign ministers of Kazakhstan and Australia will undertake official visits to the country, as part of the continuing effort to broaden Cuba's ties with the other nations of the world."

[PRENSA LATINA goes on to report: "In response to another question, he said there had been no protest from the Venezuelan Government over the recent visit to Cuba by Lieutenant Colonel (Retired) Hugo Chavez and denied speculation in this regard. He added that it was untrue that this had damaged relations with that South American country."]

FAR Military Council Reviews 1994 Accomplishments

FL3112150994 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 31 Dec 94

[From the "NTV" newscast]

[FBIS Translated Excerpt] The Revolutionary Armed Forces [FAR] military council has held its 7th and last regular meeting for 1994, which was chaired by its president, Army General Raul Castro.

Several important issues ancillary to defense readiness activities were discussed during the working sessions. The council discussed the report on meetings which took place in universities—chaired by Division General Ulises Rosales del Toro, with thousands of students and graduates from the military service, who were able to receive higher education due to laws 20 and 18 of the FAR Ministry.

Over 7,000 young people from the military forces have received degrees in many specialties during the 15-year period since the laws were implemented. Despite satisfactory results, deficiencies brought up by students and graduates were seriously considered, as well as measures to be implemented by the FAR, the Ministry of Education, teachers, the Federation of University Students, and the Union of Young Communists, to address the concerns of these professionals.

In addition, the meeting broached the significant advances achieved by the FAR in natural medicine, which Raul Castro had highlighted as priority work since 1989. Currently, 49 to 57 medicinal plants are being

used by troops and military hospitals, which replace over 100 chemical pharmaceuticals.

Raul Castro valued the accomplishments, and added that there is still much to be done to fully take advantage of the potential of this form of therapy.

The evaluation of the work done to perfect and expand the Youth Labor Army [EJT] in 1994, as well as the goals for 1995, were also broached. Division General Rigoberto Fernandez, leader of the EJT, announced that the EJT currently operates 134 farms, and the goal is to increase the number to 150 in 1995, and to produce 150,000 tonnes of goods, perfect their business organization, raise revenues over expenses, improve political and cultural achievements, and continue to be worthy of the pride of the FAR status.

Raul Castro ended the meeting with the optimistic conclusion that it is possible to prosper despite difficulties, and that 1995—due to the efforts of Cuban people, and under Fidel Castro's leadership—will be better than the year about to end, despite the increasing brutality of the capitalist blockade. He also wished the participants to the meeting, the FAR, and the Cuban people, health and new strength to continue to progress in such a significant year for Cuba. [passage omitted]

TRABAJADORES Outlines 1995 Economic Goals

FL0301022895 Havana Radio Rebelde Network in Spanish 0000 GMT 3 Jan 95

[From the "Exclusive" program]

[FBIS Translated Text] An editorial in today's edition of the TRABAJADORES weekly points out that 1995 will be a key period for the Cuban people to experience consolidation of the economic, political, and social measures approved in 1994. The editorial warns that Cuba cannot afford to miss the opportunity to turn 1995 into a key period for reorganizing the economy, reestablishing the capacity for development, and improving the population's living standards.

We are now stabilizing specific trends, signaling that we are surmounting the crisis, but still we are confronted by a difficult year. This was stated in the TRABAJADORES editorial, which also pointed out that the program of reforms being carried out by the National Assembly of the People's Government since March has yet to run its course.

According to the editorial, we must consolidate the measures already implemented, introduce solutions already approved, and even make new decisions to deepen the process of change, which reality has forced the Cuban people to inevitably undergo.

In line with the principles of continuity, organization, political awareness, and constant evaluation of results, our government will continue the process until domestic

finances are mended and a solid foundation is built to defend, by means of economic balance, national independence and other revolutionary goals.

In stressing the involvement of workers and union leaders, whose 17th congress will be announced this year, TRABAJADORES adds that it is necessary to encourage and reward positive things, strengthen self-criticism to eradicate inappropriate methods and work styles, as well as encouraging widespread debate. In this sense, the newspaper stresses the continued role of the Assemblies for Economic Efficiency which define, between workers and managers, the goals and strategies for reducing production costs, rationalizing the labor force, and tapping into resources.

TRABAJADORES: 1995 'Difficult,' 'Crucial' Year

PA0201214695 Havana PRENSA LATINA in Spanish
1725 GMT 2 Jan 95

[FBIS Translated Text] Havana, 2 Jan (PL)—An editorial in today's edition of the TRABAJADORES weekly predicts that 1995 will be another difficult and crucial year for Cubans who will begin to feel the consolidation of the economic, political, and social measures approved in 1994.

The article warns that the country must not miss the opportunity to turn 1995 into a crucial period for restoring economic order and reestablishing capacity for the development and improvement of the people's standard of living.

At this moment, we can completely stabilize specific trends, which will help us overcome the crisis, but we are also going to face a difficult year, TRABAJADORES says. The weekly adds that the reform programs outlined by the National Assembly of the People's Government in May 1994 have yet to run their course.

According to the editorial, the measures implemented so far must be consolidated, solutions that have been agreed upon must be applied, and new decisions must be made to strengthen the process of change—a process that reality has forced the Cuban people to adopt.

The editorial adds that in line with the principles of continuity, order, political awareness, and the constant evaluation of results, our government will continue this process until it improves internal finances and establishes a solid foundation to defend, via a balanced economy, national independence and other revolutionary goals.

To get workers and union leaders whose Seventh Congress will be held this year involved in this process, the weekly believes it is necessary to encourage and recognize the positive, strengthen self-criticism to eradicate incorrect methods and trends, and foster a debate among all Cubans.

In this sense, the weekly assures, we can count on the assemblies for economic efficiency continuing their meetings—sessions held in each labor center to help labor and management define their goals and strategies to reduce production costs and rationalize labor and other resources.

The weekly expresses optimism that 1995 will truly be pivotal for Cuban workers in the following terms:

Our economic opening and adjustment, which will be as vast and profound as the situation requires, is different from the privatization policies and neoliberalism currently in vogue elsewhere in the world. As Fidel Castro said recently, we are conducting this process under the principle that nothing will be placed above or against the interests of the country and its workers.

Castro Sends Congratulations to Oil Workers

FL3112630694 Havana Radio Rebelde Network in Spanish 0000 GMT 31 Dec 94

[From the "Exclusive" program]

[FBIS Translated Text] Commander in Chief Fidel Castro sent a letter congratulating the oil field workers of the Western Petroleum Drilling and Extraction Enterprise in Havana Province. The workers from this enterprise produced 247,000 tonnes of crude oil, which was more than double the amount projected. Of this production, 222,000 tonnes came from the Jaruco oil field. In his letter, Fidel Castro points out that this accomplishment was only possible because of the workers' unflinching quest to extract from beneath the earth the necessary crude oil to compensate for the deficits caused by the scarce amounts of fuel imported by Cuba. Fidel Castro also pointed out that even though there was a lack of resources, this outstanding accomplishment was achieved. The Havana Province oil field workers had fewer resources this year with which to produce the crude oil.

Pedro Ross Leal, secretary general of the Cuban Workers Federation, presented the enterprise with the outstanding accomplishment banner. Ross, in the name of all of Cuba's workers, sent a message to Fidel Castro.

During the ceremony at the Boca de Jaruco oil well in Havana Province, Raul Cabrera, the enterprise's administrator, stated that in the first weeks of 1995, operations would begin on the pipeline leading to Havana's electric plant [as heard]. Cabrera pointed out that this investment would further reduce the cost of the service and that over 15 million pesos' worth of gas would begin to be delivered to the plant.

Ceremony Marks Beginning of Independence Wars Centennial

FL0201011995 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0501 GMT 1 Jan 95

[Address by Victoria Velasquez, first secretary of the national committee of the Union of Young Communists,

marking the onset of the centennial of the War of Independence and Jose Marti's death, at Marti's tomb in Santa Efigenia Cemetery, in Santiago de Cuba—live]

[FBIS Translated Text] Cubans: Happy new year! We have emerged from 1994 victorious and joyously face 1995. Cuban youth and our entire people are proud of every day lived and are committed to redoubling their efforts to push onward in the days ahead. This is the 36th victory of the Revolution. This is the 36th defeat of the enemies of the fatherland. Together with Jose Marti, we are here on the first minute of 1995. Just as in the simple verses from his soul, the apostle has here, on the centennial of the Necessary War he organized, the flowers and flag of a fatherland free of masters.

The new pines are here with him, following the steps of history and learning from Fidel, his best and most loyal disciple in the struggle to build the fatherland. Fidel on a January morning called the people to a general uprising to oust the defeated tyranny. He then said: Revolution, yes! Military coup, no! Thirty-six years have passed since that day and today the Cuban youth, embracing the call of the times, proclaim: Revolution, yes! A return to the past, no!

Compatriots: Let us arise to render homage to the centennial of the Necessary War! Let us arise in homage to the one who organized it, inspired it, and set it in motion! Let us arise for the beauty of the dreams we forge! Let us arise to guarantee that our children will have a fatherland! Let us arise to proclaim the formula of triumphant love: With all and for the good of all! Let us all arise for the good of the patriots! Let us all arise for the good of all revolutionaries! Let us arise to ratify, now and forever, our rebellion as an indomitable nation and loudly shout our undefeated combat maxim: Fatherland or death, we will win! [applause]

[Video shows Politburo members Maria de los Angeles Garcia and Juan Almeida; Culture Minister Armando Hart; Sugar Industry Minister Nelson Torres; Otto Rivero, president of the Federation of University Students; among other unidentified individuals on the tomb's platform]

Rapprochement Efforts With Emigrants To Continue

PA0101220495 Havana PRENSA LATINA in Spanish
1539 GMT 1 Jan 95

[By Aissa G. Garcia]

[FBIS Translated Text] Havana, 1 Jan (PL)—In 1995 Cuba will continue the process of normalizing ties with Cuban emigrants that began last year, during which a series of measures was adopted with the support of the majority of the population.

The rapprochement began with The Nation and the Emigration conference held in April with the participation of over 200 nationals living in 23 countries. This was considered an extension of a similar dialogue held in 1978.

Speaking recently in a meeting with domestic and foreign reporters, Foreign Minister Roberto Robaina said that the most important thing is the continuity afforded (to the conference) by meetings with intellectuals, young people, women, and different groups in society.

Measures designed to allow improved bilateral ties were announced in the meeting with the emigrants. The measures include eliminating restrictions and formalities in order to render viable these people's visits to their country of origin.

Those residing abroad will now be able to pursue their studies on the island, initially in small numbers and in the science and technology disciplines. This could become a reality in the 1995-1996 school year.

The Cuban Foreign Ministry has decided to create a new internal department to open new means of communication and handle the emigrants concerns and requests.

Following the meeting in Havana, while traveling in New York, Spain, and various Latin American countries, the foreign minister met with important groups of nationals who live abroad and who respect the Caribbean nation and condemn the U.S. blockade.

We have nothing against those who respect what we do here, even though they do not support it. We have not asked them to do so. They do condemn the policy of blockade and asphyxiation of the island, Robaina said at the recently held World Meeting of Solidarity With Cuba, in which Cuban emigrants participated.

Within this rapprochement, in August the Foreign Ministry announced that a Foreign Residence Permit (PRE) would be granted to some Cubans living in the United States. This is a measure that has been in use for some time for family reasons.

According to Jose Cabanas, a Foreign Ministry official in charge of the Directorate for Affairs of Cuban Residing Abroad, the PRE was extended to others who maintain some kind of tie with the country, political, economic, or any other kind, and to whom Cuba and its institutions are interested in offering that migration opportunity.

In Cabanas' opinion, this Cuban policy is not just a package of measures. It is instead something much broader which strives to normalize relations with that group of emigrants and to remove a series of existing obstacles, including some involving migratory concerns.

The rapprochement with important groups in the community will continue in 1995.

A meeting is scheduled for early this year, organized by the University of Havana and the National Cuban Writers and Artists Union (UNEAC), with the participation of women of Cuban origin who live abroad and who are linked with the cultural sector.

Similarly, an exchange is being scheduled between emigrant journalists and those living in Cuba. This is one

among other important events that would in fact grant continuity to the phase that began with the The Nation and the Emigration conference.

Predictions of Collapse of Revolution Unfulfilled

PA3112163594 Havana PRENSA LATINA in Spanish
1911 GMT 30 Dec 94

[FBIS Translated Text] Havana, 30 Dec (PL)—After four and one-half years after U.S. predictions of the imminent collapse of the Cuban revolution, the process in force on the island is becoming consolidated, prompting the despair of its detractors.

An article by Cuban author Nicanor Leon Cotayo today states the enemies of the Cuban revolution living in the United States at the end of 1994 seem to be falling prey to a state of mind that generally brings bad consequences. He was referring to the "stubborn reality" of seeing their promises unfulfilled.

In this respect, he recalls that in mid-1990, when European socialism had crumbled and the former Soviet Union was facing serious problems, in Miami, "the triumphant cry was that the time had come to 'pack one's bags' to return to Havana, because the revolution had a few months left."

Leon Cotayo says though a little more than 1,700 days have passed since then, the island is not only still standing but also has overcome its worse moments and offers clear signals of heading toward a gradual phase of economic recovery.

Despite the continuation of the economic blockade Washington imposed on Havana more than 30 years ago, the UN General Assembly has condemned the blockade for three consecutive years, and Cuba is regarded with growing interest by prominent businessmen, even from the United States, who want to invest here. Tasked with summarizing their viewpoints, the article adds, was Peter Blyth, vice president of the company that runs the Radisson Hotel network. Blyth has told the daily USA TODAY he is trying to convince the U.S. Congress now is the right time to be present in the Cuban market.

In addition to this point, the author said, the Caribbean nation has diplomatic relations now with 148 countries, 594 foreign companies have been established there, and there are more than 170 economic associations and joint ventures.

The article also states the excess of pesos in circulation during this period was reduced, and 80 percent of Cubans look with optimism to the country's socioeconomic future.

All of this happened, he explains, despite the pressures by the most reactionary and annexationist sectors of Cuban emigre groups and their allies in U.S. Government circles that appeal for any kind of means that will allow them to roll back the revolution, which began on 1 January 1959.

'Expert' Denies Reforms Signal Return to Capitalism

PA3012194394 Havana Radio Havana Cuba in Spanish
0100 GMT 30 Dec 94

[Report by Marianela Samper; from the "Evening Information Review" newscast]

[FBIS Translated Text] Throughout 1994, a special effort was made to find ways to revitalize the country's social project in terms of Cuban economic organization. This effort entailed a process of profound reorganization and change. It is difficult to envision this process because there are no historic precedents in the world, moreover, the availability of natural resources and the country's geopolitical position add more complexity to the equation. Opening the economy to foreign capital is one of the steps being taken during the transformation process. This has been construed by international public opinion to equate with a return to the capitalist market economy. Julio Carranza, an expert with the Research Center for World Economy, comments on this point.

[Begin Carranza recording] Economic opening is one component of the Cuban economy's revitalization process. It means the gradual opening of the economy to marketing opportunities. The word marketing has been misconstrued, because of the fear it elicits and because for a long time socialism was regarded as the first noncommercial society. In other words, it was thought that socialism was the first society that significantly reduced marketing opportunities.

History has proven this theory wrong. We say, at best, socialism will be the last of the commercial societies—a society that will, out of necessity, have to rely on marketing for its evolution, development, and progress. To define the purpose or objective of an economy, it is important to take into consideration not so much the presence of a market, but rather the control, or lack thereof, that capitalism exercises over that economy.

What we are doing in this complex process in Cuba is gradually opening the economy to marketing opportunities, but without letting capitalism control the economy. Control remains in the hands of the popular sectors represented [words indistinct].

The economic model we are developing is not just designed to deal with a critical situation, but one that in the future will become the normal standard for the Cuban economy over a relatively long period of time. The process of opening the economy to foreign investment; diversifying the economic sectors, including ownership; and diversifying the economy's operating methods as a means of modifying the way in which the state deals with the economy are fundamental characteristics that will become permanent in Cuba's economic model—not forever, but for a considerably long period of time. In other words, we are not only preparing for a specific situation, but instead, we are shaping what will be Cuba's future for several decades to come. [end recording]

The expert says the opening of marketing opportunities should be governed by three basic factors to prevent the centralization of capital. One of these factors is law, which puts limits on foreign or national private property. Another is the power that the state maintains to regulate the economy and make the country's interests prevail above all others. A third factor is the degree of intensity of the people's democracy, especially a democracy like Cuba's, which is capable of controlling the future development of the socio-economic system.

Another point worth commenting on is the existence of an economy that has been gradually opening to two different standards since the possession of U.S. dollars was legalized. On one hand, there are corporations, foreign firms, and joint ventures that operate with freely convertible currency. On the other hand, there is the entrepreneurial sector and the population, which operate with local currency. Here is Carranza.

[Begin Carranza recording] Two economic standards have been established, which is not good for economic development. This is one of the problems that the new model must resolve. It is necessary to gradually establish a single economic standard by creating a single marketing standard through the unification of the market. This can be done only by having a single currency.

Although this is a complex process that will take some time, the objective should be to reestablish the circulation of a single currency in Cuba—the Cuban peso—and it alone. As we all know, one measure taken recently was the establishment of the exchangeable peso, which still serves a dual purpose. Some experts think the establishment of a single currency should come more quickly, while others think it should be delayed. This is part of a technically complex and profound controversy. Nevertheless, everyone agrees that we will eventually have to reestablish the circulation of a single currency in Cuba. [end recording]

Journalists Discuss Moral Crisis

FL3012125294 Havana Radio Rebelde Network in Spanish 1700 GMT 29 Dec 94

["Straight Talk" program with host Juan Carlos Roque Garcia and guest Luis Sexto from BOHEMIA magazine—live or recorded]

[FBIS Translated Text] [Roque] With us today is Luis Sexto to discuss that which is moral and immoral, legal and illegal. There is talk that in addition to be experiencing an intense, harsh economic crisis, Cuba is also experiencing a moral crisis. This is what some people think, others disagree.

[Sexto] You are aware that this subject is quite controversial. I hope we have the stature to broach this extremely complex issue because when we get into the issue of morals we are dealing with things not easily measured.

[Roque] Yet, although it is a subjective issue, I believe we can handle it and speak about the situation the country is facing.

[Sexto] We cannot have reservations about discussing the issues and problems of our society. I believe, that as a matter of fact, that is what this program has done. It has broached our problems with openness and clarity, without fear and with valor. I believe that although we might not be among the most virtuous of people, we endeavor to exercise this social, revolutionary service. I am not afraid to answer your question or broach this issue which is basically your idea even though we spoke about it. The basic proposal came from you. I ponder: Are we experiencing a moral crisis? I know that we are experiencing an economic situation which we could describe as critical. I also think that every economic crisis engenders a moral crisis. I believe everyone is aware of the close ties between economics and morals between the foundation and the superstructure. Morals are the superstructure of society. Our economy, as everyone knows and feels, is suffering the impact of the crisis and thus it is logical for morals to also suffer.

On the other hand, our economy is undergoing a process of readjustment; a process of change; a process which is seeing the establishment of mechanisms which to a certain degree are foreign to the socialist mechanisms we are used to. I do not believe it is out of place, or inappropriate to establish them in Cuba. I believe they are necessary and unavoidable, however, these mechanisms—many borrowed from the market economy, which is not the same as capitalism—mechanisms such as free market, tend to influence social conscience, the human conscience, and might foster certain levels of individualism, and selfishness. Thus, our society's morals, the morals of our entire society, are experiencing new influences.

In other words, the socialist morality which we have struggled to establish in the last 30 years is a collective morality, a morality of solidarity, a service-oriented morality, and a morality of coexistence. Right now, due to certain economic factors, shortages, and daily difficulties, the collective morality is weighed down and in order to survive, the people have had to do things they did not want to do. On the other hand, the readjustment mechanisms tend to exacerbate certain individual attitudes.

[Roque] Morality and legality are closely linked, and so are immorality and illegality. Events which are not normal from the perspective of collective morality, and which we have not known before, are appearing in Cuba parallel to the economic crisis.

[Sexto] Morals in our society are suffering certain attacks, and undoubtedly, as we have just explained—and we are not going to get philosophical because that is not what listeners want, though this topic is philosophical; we are going to try to be specific—morals are being

damaged by the crisis, and also by the process of readjustment to this world in which we are living. In addition, we need to make a distinction between moral collective values in society, and individual values. Clearly, our society needs to continue defending altruistic and humane values—an ethical project for coexistence which comes from the roots of our history, from Marti's beliefs, despite some opposition. I believe this will be the struggle in coming years.

[Roque] We can begin discussing immoral phenomenon, and set examples so that people can know what is immoral nowadays.

[Sexto] Yet, sometimes not only illegal things are immoral, Juan Carlos. Illegal acts are committed defying laws, and sometimes, one could be complying with the law, and nevertheless, being immoral. I will explain this further. Currently in Cuba we have to accept some inequality, this is inevitable, everyone should understand this, and to a certain extent, unfairness could prompt people to struggle to improve their lives. While this happens, they can also help society, because they are going to work more, and make more efforts.

We need to coexist with a certain amount of competitiveness, whether we like it or not. I would like to have a society fair to all, however, this is not currently possible in Cuba, and hence, we have to accept some competitiveness and inequality, which we might not like, as something normal, necessary, and unavoidable.

Yet, some people might live better than others, they might be able to buy in a foreign currency store for instance. Suppose they have the money and can afford to buy a case of beer. This would be legal, and it would also be moral for most people, but immoral for others. Inequality by itself might not be a bad thing, however, it is perhaps immoral for some people to see a display of inequality, to have others showing off, and trying to prove superiority due to higher economic status. Then we could talk of immorality.

Likewise, moral individual values should be particularly distinctive in those holding political office, and representing the fundamental political values of the society, such as a revolutionary official for instance. We cannot stop him from drinking the beer, however, that person should avoid showing off, even when he has bought it legally.

[Roque] We have morals tied to ethics in this case, which are inseparable.

[Sexto] I agree. Showing off could be one of the most damaging things to happen to our society now. It could cause anger due to the shortages and unfairness in distribution, as we have stated. For instance, some people can buy 60 pesos worth of goods in farmers markets, while others have only 10 pesos to spend, and this an indication of inequality.

People, especially those who have a political or social status, need to avoid showing off because it is offensive and damaging, and in addition it sours and angers our fellow men and it could demobilize them.

[Roque] We Cuban citizens ought to safeguard our society's values, specially from a moral perspective.

[Sexto] That is the battle for coming years. We will need to fight a social war, defending the moral values of socialism which we have been striving to enforce and extend in our society. That is the battle, to be fought individually—through the morals and ethics of individuals, and by the whole society.

Many might say that everything is lost, and there are no morals, yet, I do not agree. We have arrived this far firmly confronting obstacles and we continue to face them now. The nation is standing, and it is not true that everything is lost. Just the opposite: positive moral values are prevailing in Cuba, despite negative and unavoidable trends which we cannot stop overnight by mere determination, and which we need to combat.

[Roque] However, despite the ongoing social changes, which are conditioned of course by the special situation which Cuba faces, there are men of untouchable moral values.

[Sexto] Of course. We have broached the topic of teachers, who go to the classrooms defying thousands of material shortages daily. Yet, they are in the classrooms, and there are people cutting sugarcane, and others constantly working, building hotels, etc. Even though we sometimes complain that work principles have lessened, there are still work morals, which need to be pointed out and emphasized. We might recognize problems, however, it does not mean we have deficits.

[Roque] And there is no doubt that our morals are being currently tested in our society, especially in these difficult times.

[Sexto] Of course. The word crisis derives from the Greek language, and its root is the word judgment, therefore, crisis means to undergo probing. To be bankrupt is not crisis. Cuba's moral values are undergoing probing by the special circumstances. I am sure—and we have always said so in the last four years—that we will overcome, and are overcoming, the economic crisis. We will also overcome what we call moral crisis. Yet, we have to highlight positive values.

Tourism sector workers have donated over \$0.5 million from their tips in foreign currency to buy medicine, and to send medical equipment, which is out of order, to be repaired due to lack of supplies, therefore, these workers have donated part of their tips to public health. Some do it because they feel compelled to a certain extent. If this is the reason and they feel compelled by other coworkers donating, then it is good for them to continue doing it, and it is good for them to reflect that cooperating with

their fellowmen and citizens is very humane and revolutionary, besides being very necessary.

Those thousands of dollars will buy medicine for our hospitals. This contribution should be highlighted, and things of this nature should continue in Cuba. We could go on citing examples of the humane and moral values of socialism, which are valid, and which we need to fight to preserve.

There is nothing lost in Cuba, Juan Carlos. Just the opposite, there is everything to win. I know of a poll done recently in Cuba by foreign pollsters from a very prestigious agency, who have no friendly disposition but rather an antagonistic feeling, however, the results have left them helpless. The results show that the majority of Cuban people are revolutionary, patriotic, and moral, confirming everything we have said in the past, and also showing that we are coming out of the economic crisis—as perhaps everyone has begun to realize in one way or another.

I do not have any doubt that we are also going to come out of the moral crisis, and that the moral values our nation has defended for not only the last 35 years but for over 150 years, will prevail. Our nation has ethics based on socialism, and we are defending the nation's ethics, as well as the ethics of socialism.

[Roque] Sure enough, and with the moralizing influence of the example.

[Sexto] We will never be able to emphasize sufficiently the need for individual examples. We cannot forget this.

Journalists Union Official on New Year Prospects

PA0201023495 Havana PRENSA LATINA in Spanish
1200 GMT 1 Jan 95

["Exclusive" article by Jose Dos Santos, vice president of the Cuban Journalists Union: "Cuba 1995: The Search for Its Own Path"]

[FBIS Translated Text] Havana—It seems, in this 1995 that is now just beginning, Cuban society will continue to move along the same path on the American continent. Changes and modifications, priorities and projects indicate that a symbiosis between socialist dreams and contemporary realities will be achieved, without contradictions between the two leading the country down a dead-end street.

The Cuban way of overcoming economic chaos and the discouragement caused by the abrupt disappearance of its partners-allies began to bear fruit in 1994, when internal impoverishment was stopped through financial measures, various production sectors were reactivated, and different sectors were restimulated, giving way to a new picture in the national panorama.

The recently approved state budget for this year shows the path the Cuban nation will follow in the vital

economic area. Among the characteristics of this budget is the emphasis on reducing state spending by improving efficiency and productivity.

Reducing the cost of operating state-owned companies, one factor that has eroded the credibility of the socialist economy, is one of the greatest challenges this country will confront. Only the Chinese and Vietnamese, in their own style, have attempted this experience internationally.

Given that the Cuban revolution's way of operating tends to avoid the traumas caused by neoliberal recipes, which are in vogue in other places, the elimination of subsidies and free services stemming from romantic socio-paternalist concepts will continue to proceed gradually, in a well thought out and consensual manner, as has been the case with other actions that have wide repercussions throughout society.

The truth is that austerity, economic-financial and labor discipline, controls, and the pursuit of a favorable balance between spending and revenues will mark 1995 perpetually. There is even talk of implementing a rationalization process in many sectors that are not very productive. This may result in 500,000 workers being placed in other jobs.

In the practical life of Cubans, the options for improving their standard of living will be increasingly linked, primarily through greater contributions to economic-productive and service activity.

The promotion of labor, one of the most serious deficit-bearing areas in recent times, seems to be on the way to recovery. This was even reflected in the cutting in half of cost of dollars on the street.

The Cuban formulas for facing the new situations have proven mature and in line with realities. They also respond to national idiosyncrasies and strategic projects.

In this regard, 1995 should also see greater action in the area of spirituality, concepts, and values, as well as of the consciousness of what we want to continue being.

The continued arrival of foreign capital and coexistence of ways of life and aspirations responding to models different from the Cuban one represent challenges to be met. This must also make us think of those who wish to continue promoting socialism under the present circumstances.

Two dates will provide historical backdrop for the defense of the nation: the centennial of the beginning of the last Cuban anticolonial war and the death in combat of Jose Marti, the national hero whose thought is spread today here perhaps more than ever due to its actuality and validity.

The appearance of new phenomena with the solution of old and current problems will test the ability of authorities and Cuban society itself to lead and achieve a

project and some aspirations that are misunderstood, attacked, and even subjected to vicious attacks from beyond its borders.

That is why finding the path to maintain independence and sovereignty under increasing international conditions of dependency on the political and economic hemisphere located in the geographical north of the planet is added to the challenges facing Cuba in 1995.

External pressure so that the Cuban formulas do not prosper, including the massive participation in the drafting of the national destiny, will become evident in the same measure that they produce results. A new bad example of Cuba, now not only resisting but also overcoming adversities, is intolerable in the hegemonic estimation of those who consider themselves owners of the world.

All this leads us to expect that in this new year Cuba will continue to be an attractive social phenomenon, a laboratory where actions and ideas, victories and setbacks, friendship and fear, love and hatred, become ingredients in a unique and inspiring formula of new paths which can be traveled by those who consider social justice their ultimate goal.

Commentary Discusses 1994 Economic Achievements

PA0101003395 Havana Radio Havana Cuba in Spanish
0100 GMT 31 Dec 94

[Commentary by Manuel Somoza; from the "Evening Information Review" newscast]

[FBIS Translated Text] The Cuban economy recorded encouraging results in finances, based on nothing more than intelligence, caution, and sacrifice. The deficit was reduced by almost 35 percent, and we began to contain the swollen flow of cash in circulation, which was not being put to any practical use on services or products until last June. The virtual paralysis of the economy at the beginning of 1993, due to a shortage of raw materials and financial and energy resources, among other things, had a devastating effect on everyday life. The black market increased in size, and a minority segment of the population began speculating with illegal enrichment practices, while the majority of Cubans could see no practical end to a bleak era that began with the crumbling of the Socialist Bloc and the escalation of the U.S. trade embargo. It was clear to the authorities that they would only be able to neutralize the excess currency in circulation, 11 billion by the middle of the year, by increasing productivity and, in so doing, have a positive impact on the day-to-day life of the nation. It was also clear that production levels could not be increased in a highly subsidized economy.

Toward the middle of 1994, the National Assembly of the People's Government [ANPP] approved a comprehensive tax system for implementation in a nation that had ignored such practices for many years. Thus, even

the workers unions began studying financial issues in conjunction with their members. The idea was not to create mass unemployment or move toward privatization, nevertheless, the country could not wait for the production sector to recover on its own. We had to act intelligently and cautiously.

The ANPP and the government went into action after millions of Cubans expressed their opinions on the need to reduce government subsidies, increase the price of nonessential products and services, eliminate certain subsidies, and implement a comprehensive tax system. The prices of cigarettes and liquor doubled in price several times over. The authorities initiated legal proceedings against illegal enrichment, utilities such as water and power increased in price, people began to pay to see sports and cultural events, and efforts began in the area of self-employment, while maintaining education and health free of charge and protecting the lower income segment of the population.

The tax system by itself would have been insufficient. Other reforms would be necessary, such as the creation of the free farmers markets in October and the handicraft and industrial markets in December, where prices would be controlled by supply and demand. The Cuban economy had begun to adapt to the requirements of a world where competition reigns. It began to incorporate new market categories, without sacrificing economic planning and certain subsidies designed to reduce prices. The miracle had begun to grow.

Excess currency in circulation was cut in just a few months by about 2 billion pesos. The national currency gained relative strength, even against the dollar. During the first semester of 1994, the greenback cost 120 pesos to the dollar. Today the rate is 50 to 60 pesos to the dollar. The government deficit, which had surpassed 5 billion pesos, equivalent to U.S. dollars, fell 35 percent, fiscal revenues increased 27.6 percent, and subsidies were cut 47.7 percent. Greater recovery is expected in 1995. New measures, such as another reduction in the budget deficit of around 40 to 50 percent, will play an important role.

These achievements have only been possible thanks to a high quota of sacrifices by the Cuban people. Now they must think carefully before spending each penny, although a great majority believe that cleaning up the nation's finances will reactivate production and with it the nation's salvation as a sovereign state.

The alternative to all of the above is million-dollar investments from Miami and annexation to the United States. This is a hand on which very few people on the island are willing to bet. The year ends with encouraging results for Cuba's finances, although there is still much to be done for the economy to be fully operational. Nineteen hundred ninety-five is another challenge, but it also gives reason for hope.

Sugar Minister Praises Incentive Program*FL3012160094 Havana Radio Rebelde Network in Spanish 1255 GMT 30 Dec 94*

[Interview with Sugar Industry Minister Nelson Torres, by Diosdado Maso; from the "Doing Radio" program—live or recorded]

[FBIS Translated Text] [Masó] The workers are making great efforts and thus need to receive incentives. To this end, the Sugar Industry has been taking steps. Minister, could you update us on this?

[Torres] As a matter of fact you have been one of the most helpful people in reporting these incentives which were approved this year for sugarcane workers during the harvest period. In addition to this, the mill store was also authorized and approved. Efforts are being made to improve the supplies at the mill store, with the help of the local agroindustrial complex, the Sugar Ministry [Minaz], and municipal, provincial, and national organizations, in an attempt to increase incentives options. We already have a certain level of stock available in those stores. We believe that in the same measure that the harvest becomes more efficient and productivity increases, the store supplies can also be increased in order to truly turn the mill stores into an incentive equal to the effort the sugarcane workers make, and the importance of this sector to the national economy.

[Masó] This, of course, has nothing to do with the awards presented to national harvest heroes, or national labor vanguard at the end of every harvest campaign.

[Torres] Yes, it is completely separate. It is a systematic incentive for those who fulfill their duties, meet their goals and pledges. They can systematically access the store and acquire the products they need for them or for their families.

[Masó] I am aware that you are constantly visiting basic cooperative production units and sugarcane complexes. What is your opinion—the Minaz' opinion—of its workers as 1994 comes to a close?

[Torres] The workers that labor today in the sugarcane sector are making great efforts. There is a true commitment; you really see great efforts. We are pleased with the pride they have shown and the manner in which they have responded to the admonishment, remarks, and summons issued by the Communist Party of Cuba, Fidel, and Raul to review the entire situation of inefficiency and difficulties and turn it around in 1995.

[Masó] Thank you very much. We want to wish you and the workers of the sector much success in 1995 and congratulations.

[Torres] Thank you for the opportunity to talk to the people. We also wish you, the entire people of Cuba, and our friends in Radio, much success and congratulations.

GRANMA: Sugar Harvest To Continue at Year-End*PA0101000095 Havana PRENSA LATINA in Spanish 2134 GMT 31 Dec 94*

[FBIS Translated Text] Havana, 30 Dec (PL)—Reconciling the Cuban sugar industry's production demands with family interests is not an easy task for Cuban authorities, who must constantly "encourage workers to keep harvesting until the very end of the year."

According to today's GRANMA, the official organ of the Communist Party of Cuba, the approximately 100 sugar mills which will continue to work until year-end "face the uncomfortable task of not interrupting the milling process in order to achieve acceptable production levels."

On 31 December and on 1 and 2 January, thousands of workers will be operating sugar combines and cane hoists, managing collection and cleaning centers, or cutting sugarcane by hand.

The newspaper, which emphasizes "recognition for those workers who traditionally mobilize at this time," points out that "it helps to take measures to stimulate and take special care to reward those who achieve their goals or complete their cutting tasks during these important days."

The sugar industry continues to be the most important sector in the Cuban economy. The sugar sector, which covers 57 percent of arable land, generates 20 percent of all agricultural activity, is responsible for half of the island's exports, and employs more than 400,000 workers.

With three centuries of experience in sugar production, until recently Cuba was the world's leading sugar exporter. But production has been slowly decreasing, from 7.6 million tonnes in 1991, 7.0 million tonnes in 1992, 4.3 million tonnes in 1993, and 4.0 million tonnes in 1994.

On 31 October, the Cuban Government explained that in order to reverse the declining trend in production, foreign capital would be given the opportunity to invest in the sugar industry, a sector which until then had been closed to foreign participation.

Octavio Castilla, deputy minister of foreign investments and economic cooperation, said yesterday that financial agreements for the sugar sector, which encompass refining and producing raw sugarcane, are in very advanced stages of negotiations.

Commentary Reviews 1994 Foreign Policy Successes*PA3112200894 Havana Radio Havana Cuba in Spanish 0000 GMT 31 Dec 94*

[Commentary by Roberto Morejon; from the "Evening Information Review" newscast]

[FBIS Translated Text] Cuba's foreign relations campaign became evident in 1994. The objective of this policy is to struggle for the lifting of the unjust economic blockade the United States has maintained on the island for more than 30 years.

Cuba secured a diplomatic victory and broad international backing when the UN General Assembly voted for the third consecutive year in favor of a resolution calling for the end of the U.S. economic blockade.

Some of the good and positive results of Cuba's foreign policy include Cuba's incorporation into the Association of Caribbean States, which has invited Cuba to join despite the poorly disguised disgust of the White House.

In addition to the approval by the UN Third Commission of a Cuban project on travel rights and the importance of family reunification, it is worthwhile to note the participation of Cuba's diplomats at the United Nations. It cannot be ignored that Cuba expanded its diplomatic relations in 1994 by establishing ties with Antigua and Barbuda, South Africa, and Oman. The island now maintains official ties with 148 states.

Foreign Minister Roberto Robaina carried out an intense working agenda through various continents in 1994 in order to exchange ideas, to sign mutually beneficial agreements, and to find new ways of reactivating bilateral ties.

In addition to participating in the 49th regular sessions of the UN General Assembly, Robaina visited more than 30 countries this year, including Costa Rica and Honduras, where his visit was the first by a Cuban foreign minister in more than three decades.

Meanwhile, campaigns on alleged human rights violations in Cuba were intensified, including a UN General Assembly resolution that eventually received 14 votes less this year than those received by a similar project in 1993, 65 versus 74.

There were also notorious efforts by certain heads of government and Western media to include Cuba on the list of nondemocratic countries. Cuba responded to this move by giving the world details of its political model, which is based on a participative democracy.

It was impossible to isolate Cuba despite all efforts, as was evident by the successful World Solidarity Meeting in Cuba, which was attended by approximately 2,500 delegates.

The immediate task of the Cuban Government is to maintain this working guideline and to make known the truth to the world.

Haiti

Aristide Discusses Violent Incident With U.S. Delegation

FL3012170794 Port-au-Prince Signal FM Radio in French 1130 GMT 30 Dec 94

[FBIS Translated Text] President Jean-Bertrand Aristide received a U.S. military delegation on 29 December to

discuss the violent incidents that caused three dead and six wounded on 26 December in front of the Army Headquarters in Port-au-Prince. The U.S. delegation coming from Washington was led by Lieutenant General Sheehan who was accompanied by the commander of the multinational force in Haiti, Gen. David Mead and U.S. Ambassador to Port-au-Prince William Lacy Swing.

In a statement to the press, President Aristide pointed out that the meeting unfolded in a spirit of dialogue and allowed the exploration of paths to peace, justice, and reconciliation for a better Haiti. The discussion focused on the incidents of 26 December in front of the Army Headquarters provoked by several hundred demobilized soldiers who came to demand their December pay. Three former Haitian military were killed, and six other people were injured in gunfire during those incidents.

LORDRE Denounces Alleged Plot To Kill Civilians

FL3012191694 Port-au-Prince Signal FM Radio in French 1130 GMT 28 Dec 94

[FBIS Translated Text] In a press release, the League of Revolutionary Democratic Organizations [Ligue des Organisations Democratiques Revolutionnaires, LORDRE], has denounced various meetings being held in several points in the communes of Leogane and Gressier where dismissed military, attaches, and armed civilians are preparing a plot to assassinate the civilian population in the next few days, according to the league. In view of such a difficult situation, LORDRE asks its grassroots organizations to set up vigilance committees to prevent guerilla warfare from developing in the communal sections. This press release is signed by Paulemon Marion and Frantz Pierre-Louis.

Aristide Meets Trinidadian Prime Minister

FL3012192794 Port-au-Prince Signal FM Radio in French 1130 GMT 30 Dec 94

[FBIS Translated Excerpt] It should be noted that the prime minister of Trinidad and Tobago, Mr. Patrick Manning, arrived in Port-au-Prince on 29 December for a 48-hour visit during which he met with President Jean-Bertrand Aristide and head of Haitian Government Smarck Michel. Manning was accompanied by the secretary general of the Caribbean Common Market, Mr. (Edwin Carrington). President Aristide thanked the two personalities for the participation of Caribbean soldiers in the multinational force in the operation Uphold Democracy in Haiti. Mr. Manning went to Cap-Haitien, the second city of the country on the afternoon of 29 December to meet the Trinidadian contingent.

During the Trinidadian delegation, the Haitian president took the opportunity to thank the Trinidadian president through his prime minister for his contribution to the restoration of democracy in Haiti. Aristide reminded the delegation that Haiti and Trinidad and Tobago were genetically linked. Before ending his speech, the Haitian president asked the members of the delegation to feel at home. [passage omitted]

Commerce Secretariat Announces Import Regulations

PA3112200794 Mexico City LA JORNADA in Spanish
29 Dec 94 p 27

[FBIS Translated Text] The DIARIO OFICIAL DE LA FEDERACION published today two presidential decrees and two agreements in which the Commerce and Industrial Development Secretariat (Secofi) announces the regulations to import products from the countries with which Mexico has signed free trade agreements.

The first presidential decree stipulates Secofi will specify the general import tax rate that will be levied on 73 products coming from the United States and Canada in 1995, in accordance with what was stipulated in NAFTA. Parts and components for the assembly of cars and trucks, conductors, communications equipment, parts for electrical switches, manufactured iron and steel, telephones, and others are among these products.

This decree will free exporters and importers from making estimates based on NAFTA Annex 322.2 as they codify the applicable customs rate for each product next year.

The second presidential decree also lists the customs rates applicable during 1995 for products coming from Colombia, Venezuela, Costa Rica, and Bolivia, in accordance with what was stipulated in the free trade agreements signed with each of these countries and the Economic Complementary Agreement signed by Mexico and Chile.

The first Secofi agreement states the equivalence among the customs duties fractions stipulated in the Border Decrees and the Latin American Integration Association (ALADI) agreements, which are based on the existing customs nomenclature.

This agreement seeks to make foreign trade transactions honest, gives them legal security, and keeps constant communications between Secofi and the foreign trade community. In addition, it sets the transition customs system included in the country's commercial system for all products imported under the regulations of the decrees.

The second agreement states the conditions for the importation of used vehicles, which will be kept at the Mexican northern border beginning in 1995.

DIARIO OFICIAL DE LA FEDERACION listed those vehicles allowed to enter and stated only models from 1991 or older may be imported, except sports, luxury, and convertible cars.

Foreign Trade Organizations View Devaluation of Peso

PA3012171694 Mexico City EL FINANCIERO in Spanish
29 Dec 94 p 10

[FBIS Translated Text] Representatives of ANIERM [National Association of Mexican Importers and

Exporters] and Conacex [National Foreign Trade Council] have said the devaluation of the peso vis-a-vis the dollar will worsen the cost-country ratio [costo-pais], hurting the competitiveness of Mexican businesses in light of greater economic openness. They also explained that the adjustment of a noncompetitive country's business sector is beyond the scope of any one business and that the adjustment of this sector will depend mainly on government efforts.

The high cost of money, fuel costs and the quality of supplies, the tax burden, the backwardness of the infrastructure, the quality of raw materials, excessive regulations, and the flawed services offered by the public sector are among the factors that adversely affect the foreign competitiveness of Mexican businesses.

These representatives explained that if we want to meet the challenges posed by the globalization of the markets, and if we want to be competitive, the cost-country ratio, which represents the disadvantages and burdens facing local businessmen—disadvantages and burdens that translate into additional costs, as well as into advantages in developed nations—could be lowered through joint efforts made by businesses and the government.

Now more than ever, the government must make significant efforts to achieve competitiveness in the country, where fiscal systems, tariffs, fuel prices, the communications infrastructure, transportation, ports, services, and governmental procedures must be of high quality and must have competitive prices. These prices must be set in time to deal with the commercial opening, especially now that trade agreements signed with Costa Rica, Venezuela, Colombia, and Bolivia are going into effect.

It is time for the Mexican Government to make active efforts to control the country's current cost-country ratio and to move forward with the administrative simplification process and the modernization of labor laws, they maintained. In addition, businessmen must adopt adequate strategies to profit from the advantages of market niches and to rapidly respond to consumers because of the presence of foreign competition. They must also strike strategic alliances to lower costs, achieve higher quality, and understand the goals for which these kinds of alliances, which are always the best solution, are struck.

We must invest more in technology and in human resources training, while maintaining a long-term vision.

The high cost of money, labor laws, the lack of basic infrastructure, and high fuel costs are among the obstacles that hinder the competitiveness of Mexican businesses and adversely affect the survival of small and medium-sized businesses.

The ANIERM and Conacex representatives indicated that Mexico must search for systems for small and medium-sized businesses to ensure they will be protected

from unfair trade practices, because such a search demands expensive, specialized resources these businesses lack.

They concluded that the Commerce and Industrial Development Secretariat's service, efficiency, and promptness "leave much to be desired."

Business Sector Reacts to Zedillo's Economic Program

PA3112201394 Mexico City *EL FINANCIERO* in Spanish 30 Dec 94 p 6

[Report by Leticia Rodriguez and Gerardo Flores]

[FBIS Translated Text] Mexican businessmen have said the emergency economic program President Ernesto Zedillo Ponce de Leon announced yesterday will not succeed if national finances do not support it. They also have said that the reduction of public expenditures will not produce economic reactivation and that exports will not increase if an industrial development plan is not implemented.

Leaders of the Retail Business National Chamber of Commerce [Camara Nacional de Comercio en Pequeno—Canacope], the National Processing Industrialists Association [ANIT], the National Association of Business Leaders [Asociacion Nacional de Dirigentes de Empresa—ANDE], and the National Association of Manufacturers, [Canacintra] have stated everyone must make the sacrifices the current administration has asked be made to secure economic stability.

These leaders believe private sector investment will be difficult if there is no economic recovery by means of tax reductions, accessible credits, and government expenditures on public works.

Francisco de Legarreta, Ruben Barrios, and Gilberto Ortiz, presidents of Mexico City's Canacope, ANDE, and the Canacintra Chemical Department Council, respectively, have said the government should tackle not only deficits generated by the devaluation but also encourage the comeback of the productive apparatus.

Adolfo Valles, director of the Economic Research Commission of ANIT, has said the business sector must continue making sacrifices if this action will contribute in saving Mexico's project, but he has cautioned bankers and others who control the country's wealth cannot exclude themselves on this occasion as they did during the Salinas period.

Sources from the Employers Confederation of the Mexican republic have said people in the country and abroad perceive a lack of leadership in the economic field, and measures must be adopted urgently for this reason.

De Legarreta has said this moment is not the time to spearhead a price-anarchy situation that could grow worse at the beginning of January or financial anarchy, and he has urged the authorities to immediately promote

a short-term emergency stabilization plan so "what has been achieved does not go to waste in a few weeks."

Ruben Barrios, the ANDE leader, has said the government will not be able to achieve anything with a torn production apparatus burdened by a loan shark type banking system that has never made any sacrifices, not even to restructure its portfolios.

Barrios has said the industrialists are prepared to make sacrifices to have economic stability but only if the financial system accepts lower profit margins and promotes programs to encourage the productive apparatus.

Barrios has said the economic recovery plan must order banks to assume basic tasks to help enterprises struggling to survive by giving them direct credits.

Barrios has said the sacrifices made by the productive sector during the Salinas administration produced only one result: the dismantling and ruin of this sector.

If sacrifices to save the country are not equitable, he has said, businessmen will have no option other than to close their factories, with the inevitable increase in unemployment, in order to dedicate themselves to conduct commerce with imported products or to become eternal debtors of the commercial banks.

Further on Reaction

PA3112224094 Mexico City *EL FINANCIERO* in Spanish 30 Dec 94 p 5

[Report by Leticia Rodriguez, Gerardo Flores, and correspondent Renato Flores]

[FBIS Translated Text] The private sector has asked the government to make public as soon as possible the tangible actions of the Economic Emergency Plan (PEE). It has also asked that financial and fiscal subsidies be incorporated into the plan and that the administrative simplification process be broadened to ensure that the national manufacturing sector will be able to confront the crisis the country is now experiencing.

German Gonzalez Quintero, president of the Confederation of National Chambers of Commerce (Concanaco), warned that Mexican companies will not resist the price freeze beyond the stipulated two months, because the peso devaluation is causing serious harm to those industries that deal in raw materials or imports.

The companies patience and economic sustenance are at an end. This is why it is important for the government to detail as soon as possible the manner in which the PEE, which President Ernesto Zedillo made public yesterday, will be implemented.

Meanwhile, the Employers Confederation of the Mexican Republic (Coparmex) has asked the state to define as soon as possible, in conjunction with the production sector, the measures for broadening structural changes

needed to reduce the country's expenses and to contribute to the survival of thousands of industries, thus saving millions of jobs.

Coparmex, headed up by Antonio Sanchez Diaz de Rivera, has proposed the creation of a fund to support the capitalization of businesses and to financially support them in light of the instability of the foreign exchange situation. Thus they will be able to move forward.

Beyond the PEE, Sanchez said, it is necessary to confront political and social factors triggering uncertainty and to adamantly move toward forging a state of law that will instill trust in society. This reason is why "major social consensus" is needed.

He added that it is good that the government recognized the failures of the economic strategies and informed the community of them, but this same approach should be taken promptly from now on, because, for instance, analysts and the private sector had been pointing out the situation with the current account.

Deregulation and administrative simplification must be included within the structural changes. Sanchez emphasized that the agreement among Mexican production sectors must take into account, in the light of economic reality, the alternatives available to businesses.

To this end, the president of Concanaco pointed out that in addition to reducing public spending, we need to establish a plan for financial reorganization that would include renegotiating expired portfolios and credit card payments, because the high cost of money is worsening capital depletion in the manufacturing sector.

Although the PEE concurs with the private sector's proposals, the former constitutes a broad strategy. Now we must determine how we will implement it specifically, especially regarding the firm support system needed for the development of medium, small, and mini businesses.

If we take the necessary steps to boost the national production apparatus, Gonzalez asserted, economic growth in 1995 could reach 5 to 6 percent, and inflation could fluctuate between 7 and 7.5 percent. International reserves now stand at \$5 billion, while capital flight has amounted to \$10 billion in the last few days, he reported.

Meanwhile, in Monterrey, Ernesto Arroyo, director of Serfin Financial Group's capital market division, and Jacobo Gomez, director of promotion in Bancomer Financial Group, asserted that the government's measures end speculation and nervousness in this sector.

They maintained that the trust of foreign investors is being regained, as the exchange rate is stabilizing and hopes for the reduction of interest rates in the medium term are emerging.

In the meantime, in Merida it was reported that the economic instability the country endured during the past

week and the political and economic uncertainty with which the year will end, will drive at least 10 U.S. companies away from investing in the Yucatan Peninsula.

According to a study by the Carmel Corporation, the events following the inauguration of President Zedillo erased the encouraging expectations U.S. investors had for investing their capital in Mexico.

Bank of Mexico Issues Bulletin on Exchange Rates

PA3112171594 Mexico City Radio ACIR Network in Spanish 0000 GMT 31 Dec 94

[From the "Evening News Panorama" newscast]

[FBIS Translated Text] The Bank of Mexico released a short bulletin today:

Most of the buying and selling of U.S. dollars correspond to wholesale operations. Consequently, the respective exchange rates closely reflect the foreign exchange market in general. So the public can be informed of the exchange rates mentioned above, this is what we observed today: Opening rate: 5.00 new pesos; lowest rate: 5.00 new pesos; highest rate: 5.15 pesos; closing rate: 5.15 pesos. These rates are valid for operations in which dollars are agreed to be delivered within two working days, the most usual terms in the wholesale market.

This bulletin, although short, is important, because the Bank of Mexico rarely reports the exchange rates between the peso and the U.S. dollar, the currency most commonly used in our country. The communique mentions today's lowest and highest rates. We suppose the Bank of Mexico will report regularly on exchange rates from now on.

Meanwhile, the Mexican currency continued to recover along the Mexican border. In addition, the private sector in Ciudad Juarez, Chihuahua State, believes financial stability will be regained early in 1995. The rate today at foreign exchange brokers was 4.80 new pesos to sell and 3.60 new pesos to buy according to broker Roberto Alonso, who added the new peso recovered considerably after the economic measures announced in yesterday's presidential message.

Thus, the peso is gradually stabilizing, and the exchange rates are no longer skyrocketing as they did the first day, when the rate reached 10 and even 11 pesos to the dollar. The average is now 5.00 new pesos throughout the country.

Meeting Begins on Economic Adjustment Program

PA0201163295 Mexico City Radio ACIR Network in Spanish 1545 GMT 2 Jan 95

[From the "Panorama Newscast"]

[FBIS Translated Text] The meeting on the program has already begun. Labor Secretary Santiago Onate has explained how the economic adjustment program will be made known. It is expected the program will be announced at the Los Pinos official residence at 1800 [0000 GMT]. We have a report by Marisela Palacios:

[Palacios] We are at the Labor Secretariat where the representatives of the country's productive sectors are meeting in a special session of the economic pact. Labor Secretary Santiago Onate a few minutes ago explained the procedures at the meeting. He said Finance Secretary Guillermo Ortiz will first present the content of the emergency economic program to the representatives of the productive sector, including Fidel Velazquez, leader of the Labor Congress. After this presentation, which is estimated to conclude at around 1130 or noon, a series of commitments among the various productive sectors, the labor, agricultural, and business sectors, will be drawn up. These commitments will be presented to President Ernesto Zedillo Ponce de Leon in the afternoon. Let us hear what Labor Secretary Santiago Onate said about this document:

[Begin Onate recording] We are going to work on the basis of a document, on a series of commitments [words indistinct] the pact. It is the same procedure (?used previously) so that it can be released and made known to the head of the federal executive branch. [end recording]

The labor secretary also said it is not ruled out that a proposal might be made during the meeting to increase the (?minimum) wage although at this time there is no specific proposal from the labor sector.

Production Groups Reach Agreement on Economic Plan

PA0301144395 Mexico City Radio ACIR Network in Spanish 1227 GMT 3 Jan 95

[Report by Marisela Palacios; from the "Panorama" newscast]

[FBIS Translated Text] It was a long, long day and a long, long night. President Ernesto Zedillo was expected to speak last night at approximately 2300 [0500 GMT] to give his concluding remarks of what will be the emergency plan to solve the country's economic problems. This did not occur. The session on what we can say will replace the plan ended almost half an hour ago.

Confederation of Mexican Workers President Fidel Velazquez threw in the towel at approximately 1700—he is almost 95 years old—and he was visibly angry. The parties involved in the dialogue locked themselves in and tried to reach a consensus on the problem.

Discussions between production groups attending a special session on the economic pact began on the morning of 2 January and ended 20 hours later. Employees, reporters, and pizza delivery boys arrived at and left the

Labor Secretariat buildings while the economic emergency plan's contents were analyzed and the adoption of agreements based on the plan were discussed.

While everything was ready at Los Pinos Presidential Residence to welcome those who signed the plan, labor, business, agrarian, and federal government representatives failed to reach a consensus on the contents of the final document, entitled Agreement of Unity to Overcome the Economic Emergency.

Four statements were given by Labor Secretary Santiago Onate Laborde, who explained that progress was being achieved. Finally, the official revealed the document at 0500, on Tuesday 3 December. The document outlines the creation of a \$18 billion stabilization fund. Likewise, according to the document, in an effort to prevent an upward spiral of prices, salaries, and the foreign currency exchange rate with the devaluation, an agreement was reached to maintain a 10-percent increase in the minimum salaries throughout 1995.

The country's production groups agreed to maintain a free supply and demand in the foreign exchange rate until stability is reached in the financial markets and to moderate the increase of basic commodities' prices so they do not surpass the increase in the minimum wage.

Later on, Labor Secretary Onate Laborde explained the goals sought by these and other measures approved in the economic emergency agreement.

[Begin Onate recording] The parties adopt the following goals for the Agreement of Unity to Overcome the Economic Emergency:

1. Enforce the following agreement with the highest sense of justice and equity, through a broad consensus that allows suitable actions by the various economic groups to prevent the heaviest burden of the adjustment from falling on less favored groups.
2. Prevent the peso's devaluation from resulting in an uncontrolled inflation and instability in the foreign exchange rate. A rapid and organized adjustment of the current account will thus be achieved, allowing for the soonest possible enjoyment of the foreign exchange operations' benefits through more jobs and production not only in exporting firms but also in those that compete with imports and those involved in the tourist industry.
3. Restore confidence to reestablish order in the financial markets, lessen the sacrifices demanded by the adjustment, and launch a vigorous economic growth.
4. Sponsor the necessary structural changes so that the economy can increase its competitiveness with the rest of the world; protect the production system and jobs; and step up the creation of permanent job sources. [end recording]

The contents of the Agreement of Unity to Overcome the Economic Emergency states that the federal government's executive branch pledges to reduce public expenditure by 1.3 percent of the GNP, compared with what

previously approved, and to enforce an adjustment of fiscal revenues so that prices and tariffs of assets and services supplied by the public sector are established taking into consideration plans to reduce inflation.

Also, the federal government will submit to congress initiatives to reform various laws to strengthen tax revenues. An increase is foreseen in the support given by hectare to the peasant sector—through Procampo [Program of Direct Support to the Countryside]—during the autumn-winter and spring-summer production cycles.

The 10-page document states that the federal government also intends to modernize the communications infrastructure through private investments in railroads, ports, airport, financial institutions, and telecommunications. The new agreement establishes the creation of the National Council of Small and Medium-Sized Enterprises. These groups will enjoy the benefits of special credit plans.

The labor secretary said the agreement to overcome the economic emergency will be presented to President Ernesto Zedillo today at 1300 [1900 GMT] at Los Pinos Presidential Residence.

Foreign Aid To Counter Crisis Totals \$18 Billion

*PA0301052495 Mexico City NOTIMEX in Spanish
0435 GMT 3 Jan 95*

[FBIS Translated Text] Mexico City, 2 Jan (NOTIMEX)—Mexico reportedly has obtained \$18 billion of international assistance to counter its financial crisis, following the devaluation of its currency, European financial sources reported today.

Reports by the British newspaper FINANCIAL TIMES released here said the aid package consists of credits from governments and foreign banks, including \$9 billion granted by the United States and \$5 billion by "friendly" governments.

The Government of Canada will reportedly contribute 1.5 billion Canadian dollars and international banks an additional \$3 billion.

The U.S.-based television network CNN tonight said the Treasury Secretariat issued a declaration in Washington saying the United States will increase its line of credit to Mexico from \$6 billion to \$9 billion. The decision was based on the importance of U.S.-Mexican relations, "the substantial reforms this country has undertaken in recent years, and the vigorous program announced by Mexican President Ernesto Zedillo, the source explained. [no closing quotation marks as published]

This announcement was made shortly before Mexican President Ernesto Zedillo was scheduled to announce the emergency measures his government will implement to counter the economic effects of the currency devaluation.

Reports from Tokyo indicate that the Government and Central Bank of Japan were considering the possibility of contributing "several hundreds million dollars" to Mexico. The assistance will reportedly be offered within the next few days "as part of an international assistance plan to achieve the recovery of the Mexican economy," the Japanese economic daily NIHON KEIZAI SHIMBUN reported.

The German Finance Ministry confirmed to NOTIMEX today in Bonn that the Group of the Seven (G-7) is analyzing the possibility of implementing joint actions to support Mexico. The G-7 comprises Germany, the United States, Canada, France, UK, Italy, and Japan.

On Sunday [1 January], the French Economics Ministry said France also will participate in an international operation to support Mexico. According to the source, the operation will be conducted in support of IMF intervention.

Last Thursday, the Mexican president announced the implementation, beginning on 1 January, of an emergency economic program designed to reduce the current account deficit and to bring inflation under control. The strategy will include fiscal adjustments accompanied by a reduction in public spending in order to establish conditions to achieve a prompt economic recovery.

Marcos Denies Responsibility for Devaluation of Peso

*PA0101150895 Paris AFP in Spanish 2128 GMT
31 Dec 94*

[FBIS Translated Text] Mexico City, 31 December (AFP)—Subcommander Marcos, leader of the Zapatist Army of National Liberation [EZLN], denied on 30 December he is "responsible for the devaluation" of the peso. Marcos said if "I were promoting unemployment in Chiapas, I would be president of Coparmex [Employers Confederation of the Mexican Republic]," a remark in reference to that association of employers.

Marcos stated in his last communique of 1994, which was sent to the media at midnight on Friday [30 December], that he had received "with astonishment" the "objective" news that the supreme government blames us for the devaluation of the peso." [no closing quotation mark as received]

"I solemnly promise to reduce my bank account not in dollars but for the sake of 'messianism,'" added sarcastically the leader of the EZLN, which has been up in arms since last January. In a more formal message on 30 December, Marcos also announced a six-day cease-fire (from 1 to 6 January) and reiterated we "will not initiate an attack."

In what could be the last rebel communique of 1994, Marcos stated, in his customary narrative style, alternating criticism against the government and his troops' encounters in the jungle of Chiapas, "we must now deal

with dogs in addition to evading helicopters, airplanes, and armored personnel carriers."

"As it happened with the slaves who have fought for their freedom, the government is pursuing the Zapatists with hunting dogs. That is not the saddest part of all. The saddest thing is that those dogs are better fed than the men and women they hunt down," Marcos added that that "experts of useless promises and useful devaluations claim 'differences in diet.'"

The government on 20 December announced currency exchange measures as a result of the "vulnerability the economy has inherited." This move triggered a devaluation of almost 60 percent and an economic-financial crisis that is also to be blamed on the EZLN according to economic and political sources.

According to Subcommander Marcos, "the death sentence has been issued. The problem of the Mexican economy is called Subcommander Marcos (...), and the wealthy sector is beginning to seek the price of the bullet that will eliminate that 'problem.'"

However, "the poor shiver from the rain and cold in the mountains of Mexico's southeast just as the wealthy sector makes a decision. They shiver not because of fear but because there is no fire that night to relieve the cold," the rebel leader said.

"Crimes, economic and political crises, threats of war, the lack of credibility, devaluations, capital drains, and mistrust: Were not those factors going to happen if an opposition party won the elections?" Marcos asked in his end-of-the year message, which was issued the eve of the first anniversary of the EZLN uprising.

Mentioning "the history of words," in reference to the verbal tradition of the Indians, Marcos said "democracy, freedom, and justice are the first three words of all words and in all languages."

Justice, he said, "is not to punish but, rather, to give all people what they deserve." Freedom "is not that people may do as they please but are able to choose any path to tread toward truth, and democracy means "a meeting of the minds to reach an agreement."

"It is not that everyone thinks the same way," he said, "but that all minds or most of them are able to seek and reach a common agreement, one that is good for the majority without eliminating the minorities."

A number of messages between the EZLN and President Ernesto Zedillo the past two weeks helped appease the tension in Chiapas, which is heading toward a resumption of the dialogue between the parties according to analysts. The dialogue has been at a standstill since last June.

Chiapas Crisis Causes 'Alarming Division' in Armed Forces

PA3012135394 Mexico City *EL FINANCIERO* in Spanish 28 Dec 94 p 24

[Unattributed report: "Division in the Armed Forces"—passages in italics as published]

[FBIS Translated Text] The armed uprising by the Zapatist Army of National Liberation [EZLN] in Chiapas has acted as a detonator that not only has aggravated the national political crisis but also has revealed the alarming division in the Armed Forces, as command military sources have reported.

A detailed report and analysis, "Mexican Armed Forces in the National Security Context," sent to this columnist by an officer who has requested his name be withheld, saying "this information, although true, could cost me several years in prison," reveals the lack of coordination and cooperation, "basic principles in the Armed Forces of any country with a mission and a supreme commander." The document continues to state: "Unless organizational changes are made in the Armed Forces, the new president will find himself without an adequate and sharp instrument to meet the coming challenges."

The permanent rivalry between the Navy and the Army and the contempt with which the Air Force is regarded "have kept the branches from cooperating with one another in common programs. The divorce among the three branches is total," the analysis states. The Mexican Armed Forces, the author of the analysis says, are represented by two secretariats of state, National Defense and Navy. There is little or no coordination between them. "Each of the two goes its own way, a situation hardly paralleled in the Western world. There is no coordinating agency or program between them. This situation is part of the insecurity the Mexican people have to endure."

The writer goes on to say: "The constitutional president of Mexico has urged the Mexican soldiers to maintain the esprit de corps and discipline. To attain this intention, however, it is essential first to create the proper conditions, something which he will be unable to do under the present circumstances and with the present organization, because giving orders or having good intentions is not enough."

The division and divorce among the three branches is caused by "rebellious and arrogant groups who have blocked the National Plan, satisfied with the present status, because it has represented a threat against their personal and group interests. They could not grasp the grand organizational, conceptual, and dynamic change underway in the country. They could not understand political leadership, let alone the country's needs."

"The military leaders probably failed to grasp the Armed Forces concept of modernization as outlined in the National Development Plan for 1989-1994. They have interpreted it to mean only the acquisition of new equipment, not the reorganization of the coordination and command structures of the Armed Forces. The plan did not replace the old national security concepts, leaving their application to personal interpretation, with no clear objectives."

National Security

National security is fundamental in the analysis we are describing. The author believes the present state security structure, which includes the Armed Forces, "has been cast in doubt. Its ineffectiveness was proven by its failure to perceive Mexico's constant dynamic transformation; therefore, prevention and the reaction capability of the state security structure cannot meet present and future demands."

The report adds: "It is urgent to stop using the present national security schemes. The Mexican state must find a new and more effective means to defend its sovereignty and uphold law. The people are expecting a statement that can strengthen the confidence they normally have in a new government."

Strengthening this confidence requires devising new strategies and creating new agencies in a new national security program that includes an in-depth reorganization of the Armed Forces according to the analysis. "The consistent and coordinated work of the three branches of the Armed Forces is essential for Mexico's national security. To attain this aim, it is necessary to reform the present structures of the Armed Forces so they can be capable of carrying out important actions and handling information to preserve national interest by eliminating rebellious and arrogant ideas about power and establishing unity in balance and harmony in justice."

Differences

This balance seems impossible so far, and the Air Force has emerged as the "ugly duckling" despite the fact it is the only force that has its own commander, contrary to the Army, which does not have its own commander, and the defense secretary plays the dual role.

"The Navy is more concerned about creating an image of equality with the Army, trying to acquire infantry and aviation forces, rather than maintaining its naval units operational."

Differences between the Army and the Air Force are clearly visible in every aspect, the study continues, from installations to vehicles and equipment, including personnel, due to the fact Army personnel often give the impression they consider the Air Force their enemy instead of their comrades in arms. This situation is especially noticeable when the Air Force tries to boost its plans and projects.

The study reveals airplane manufacturers and equipment vendors have said the Air Force has not been allowed to decide or its decisionmaking has been minimal when acquiring airplanes or equipment for its work, "which is subject to the interests of Army personnel who hardly know or understand aviation."

Likewise, the analysis states the Air Force has not been given the opportunity to present its budget proposals according to Finance Secretariat officials. These have

been presented by Army personnel in the name of the "Army and Air Force" as a single entity. The Air Force projects are the first to get sacrificed, or some of its resources are used in other projects when the budget gets adjusted.

Regarding personnel and installations, the Army has all its components practically full, compared to the Air Force, which is only 50-60 percent full due to budget restrictions favoring the Army, a situation which seriously affects the Air Force's operational capability.

This situation has already been reflected, the analysis states, in the armed conflict in Chiapas, where aircraft from several state secretariats had to be used, all with civilian crew, to transport troops.

"Their squadrons have no flight supplies, and the few remaining have too many years of use. This condition was really critical during the days of conflict in Chiapas, when the government found it necessary to charter flights to transport troops."

"Velvet Officers"

The high military command decided to compensate the effort and sacrifice of the officers who participated in the "Rainbow Task Force" in Chiapas.

"Many officers have received promotions without merit or without having gone to Chiapas, such as the case of the Presidential Staff personnel, who are served with a big spoon every year, thus confirming the familiar expression among soldiers: *the velvet officers, door openers, or chauffeurs*."

These promotions, the analysis states, have created serious division and have increased unrest among military personnel, causing serious breaks in esprit de corp and discipline.

"The current situation of the Armed Forces induces one to reflect that the command structure and relations respond primarily to special interests linked to factions that control politics and the budget but not to the country's interest. It is unlikely this structure can respond to future challenges, given it does not have the environmental or structural conditions for this goal."

After insisting if the new president fails to make structural changes within the Mexican Armed Forces, "he will find himself without adequate and fine-tuned instruments to confront the challenges he will have to confront in the future," the analyst proposed six measures:

1. Each armed force must have its own commander, who will be responsible for the development, control, and training of its human and material resources [as published] and its logistic support in agreement with the operational parameters of each force, without allowing interferences among the forces.

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2. Each armed force must be in charge of negotiating and defending its budget programs before the SHCP [Secretariat of Finance and Public Credit] in order to carry out its duties more efficiently in accordance with development and operation programs. Army members must not continue to be the only interlocutors and representatives before civilian authorities and society.

3. A higher organization, which must be headed preferably by a politician to prevent duplicity of efforts and situations favoring one force to the detriment of the others, must direct and coordinate the efforts of each force.

4. This higher organization could be called the "National Defense Coordinating Secretariat" or the "Armed Forces Secretariat." It could also retain its current name. The name is the least of it, but the basic and indispensable requirement to prevent one armed force from dominating the others is that this secretariat must have joint chiefs of staff.

5. As is the case in other countries, the joint chiefs of staff must consist of an equal number of individuals from the three Armed Forces, always looking for equality and without one force dominating the others. The leadership of the staff must be rotated among the three Armed Forces every two years.

6. The goal of the joint chiefs of staff is to integrate and coordinate plans, objectives, and efforts within a framework of collaboration, equality, and esprit de corps in order to join efforts and resolves and to find real, effective, suitable, and integral solutions so as to be able to achieve the major national objectives the forces have in common and to prevent the waste of resources and time.

PRI, PRD Legislators Form Observation Commission

*PA3112022894 Mexico City UNOMASUNO in Spanish
29 Dec 94 p 5*

[Report by Humberto Rios Navarrete; passages in italics as published]

[FBIS Translated Text] A group of legislators from the PRI [Institutional Revolutionary Party] and the PRD [Party of the Democratic Revolution], including Hector Sanchez Lopez, Alejandro Rojas, and (Illam Semo), yesterday formed an observation commission, as they called it, to make sure the peace commitments made in Chiapas are honored. They also commended President Ernesto Zedillo, who, they said, already made the first move "to seriously prevent the war" in Chiapas by ordering the troops to retreat, action that translates into "a sign of goodwill."

Sanchez, coordinator of the PRD bloc in the Senate, pointed out that the purpose of the group, which intends to go into the jungle, is "to prevent the slightest friction between the Mexican Army and the EZLN [Zapatist

National Liberation Front] and to inform people of our observations." Meanwhile, Sanchez's companero, Guillermo Del Rio Ortegon, assessed that recognizing the decision made by President Zedillo to meet the *Zapatists'* demand "is not shameful" because "these are the conditions to reach a complete peace."

PRD senators Hector Sanchez, Felix Salgado Macedonio, and Irma Serrano; PRI senators Alejandro and Alfredo Rojas Diaz-Duran; and social researchers (Illam Semo) and Gilberto Lopez y Rivas are members of the commission, which remains open to the PAN [National Action Party] and the PT [Labor Party]. They held a news conference at the cafeteria of the Casablanca Hotel.

Sanchez explained that the group's goal is to observe the peace, not "to be between the armies." Our first demand, he added, is "to immediately create a buffer zone for the positioning" of the *Zapatists* and the Mexican Army. Second, he went on, our goal is to determine "what the attitude is" of the federal army toward civilians, because "when the two armies are too close to one another, any friction could spark the war." He recognized, however, that tension has decreased in the area since the troops retreated.

He also said that they will remain alert and that they will receive reports from the National Mediation Commission [Conai] and from the Indian communities on whether the Army and the EZLN have indeed retreated. The PRD senator added that should they not comply with what was agreed on, "we will immediately go to the scene of the incident to see if there are hostilities and if the risk of war still prevails, because our duty is to demand a buffer zone and prevent the slightest clash between the two armies."

Another issue we will discuss with the Government Secretariat and the Conai is that "we want to be informed of the positions of each army so that we will be able to confirm their positions and inform people of what we see there."

In the meantime, Guillermo Del Rio explained that this group does not oppose the legislative commission, of which he is a member, dealing with the Chiapas case, because this commission was ordered by the executive branch. Sanchez also explained that they would go to the conflict area should there be very dangerous attitudes that could lead to war. This point has already been agreed upon, and this is why we formed this commission.

They Request Special Sessions

Alejandro Rojas and Felix Salgado, PRI and PRD legislators, respectively, requested a special session of congress, because the Permanent Commission is not enough to analyze the political and economic events in the country. Rojas asserted that a sector of his party believes it is "urgent" to set up a complete agenda for the talks—an agenda that would include "the inclusion of the EZLN as a well-known political force." Meanwhile,

Salgado added that the reason for the "immediate holding" of a session is because Finance Secretary Jaime Serra Puche must appear before the Senate.

Rojas underscored that the PRI system must "revise the electoral process in Chiapas, Tabasco, and Veracruz." In addition, he said: "I believe we must pay attention to what Eduardo Robledo Rincon says, because we need the PRI in order to gain power. Robledo later requested a so-called leave of absence—his party does not provide for this."

The PRI deputy indicated that the core of his party "is promoting new elections in Chiapas and wants the EZLN to be politically registered as a partisan force to ensure it will participate in the elections. The only requirement made by the democratic PRI system is that neither Robledo nor Amado Avendano be candidates."

Moreover, Salgado said that "it is unacceptable that now that President Zedillo has stated that the country is experiencing a political crisis," deputies and senators are taking a break. This is why "we are demanding immediate special sessions," adding that Serra Puche must explain why the peso was devalued.

EZLN Pledges Not To Attack Government Forces

PA3112141694 Mexico City NOTIMEX in Spanish 0505 GMT 31 Dec 94

[FBIS Translated Text] San Cristobal de las Casas, 30 Dec (NOTIMEX)—The Zapatist Army of National Liberation [EZLN] instructed its members today "to stop all military offensive operations" from 1 to 6 January 1995, stating it expects a new round of talks.

In a communique dated 30 December, the EZLN stated it pledges not to attack the present positions of the government forces, not to erect roadblocks, or engage in any military actions to obstruct highways. The EZLN also pledges to keep the necessary distance to avoid probable clashes with government forces. In addition, the EZLN reasserted its willingness to establish terms for a stable cease-fire, terms which "can make possible a new, serious, and responsible dialogue for peace with justice and dignity for all Mexicans."

"We pledge to establish a temporary cease-fire. The ghost of war has started to recede gradually, just as it appeared at the beginning," the EZLN stated. "It is necessary, however, to cast it away even farther and to establish respectable terms for a new and stable cease-fire that can lead to a truly respectful and serious dialogue."

The EZLN made a public appearance on 1 January by occupying several villages of Chiapas and reaffirming the demands of Indians. Armed clashes occurred, but they were interrupted by a government established cease-fire and the beginning of a dialogue.

The EZLN broke the cease-fire on 8 December but this week accepted the Government Secretariat as the government delegate and the National Mediation Commission as the mediating organization.

In another communique signed by the EZLN military commander, Subcommander Marcos, the group asked several people "to stop their hunger strike and to head the struggle to stop the war as they did early in 1994." Several men and women on 19 December declared a hunger strike to demand another cease-fire and to give a chance to another dialogue and for the peaceful resolution of the conflict.

In addition, "several voices have risen on an international level demanding a cease-fire and a dialogue as a means to settle the conflict," the communique stated.

In view of this point, the document stated, "the EZLN cannot turn a deaf ear (...) on men and women who deprive themselves of food to demand attention, with their sacrifice, a new opportunity for peace."

President Suspends Military Actions in Chiapas

PA3112042794 Mexico City Canal 13 Television Azteca Network in Spanish 0339 GMT 31 Dec 94

"[Text]" of Mexican Government Secretariat communique, issued on 30 December in Mexico City)

[FBIS Translated Text] In accordance with the communique from the EZLN [Zapatist National Liberation Army], dated 27 December and revealed yesterday, announcing a withdrawal from its outposts in various municipalities and the removal of roadblocks in several road sections, the president of the republic instructed the Defense Secretariat to suspend any advance, limit itself to maintaining its current position, and abstain from carrying out any further actions. The Mexican Army's presence has been limited to guaranteeing the civilian population's safety, freedom of transit, and protecting the general communication network.

Likewise, the president of the republic ratified the invariable pledge that the Mexican Army will maintain the unilateral cease-fire. The Federal Government is confident that a political solution is the only one capable of achieving a peaceful end to the Chiapas conflict and guaranteeing a dignified, just, and everlasting peace.

Chiapas Governor Enacts Indian Pact, Visits Bishop Ruiz

PA3112232794 Mexico City XEW Television Network in Spanish 0430 GMT 31 Dec 94

[From the "24 Hours" newscast]

[FBIS Translated Text] The Indian pact was officially enacted this Friday [30 December] in San Cristobal de las Casas. Through this pact the government will guarantee that the Indian population will have legitimate representation before the authorities. Chiapas State Governor Eduardo Robledo Rincon said that, above all, the new relationship of understanding and agreement between the Indian population and the government will

call for a strong democratic Indian organization and the political will of the government.

During an interview, Eduardo Robledo Rincon announced that a multilateral commission will be installed to investigate the issue of land tenure for the 7 million hectares in Chiapas. Of this land, 2 million hectares are privately owned.

[Begin Robledo recording, in progress] ...how ever many hectares there are. I cannot speak for the commission we are installing to investigate just how much land there is and where it is. [end recording]

Responding to a question on his resignation as a condition for the Zapatist Army of National Liberation [EZLN] resuming negotiations, Robledo Rincon reaffirmed that he is willing to do anything for peace.

The governor of Chiapas also visited Monsignor Samuel Ruiz Garcia to reaffirm his willingness to find a political solution to the problem.

Chiapas Government Secretary Eraclio Zepeda said that the end of the state's powers would be a shock for the state. He said the possibility had always been a consideration while he was a member of the National Mediation Commission.

EZLN Commemorates Anniversary of Chiapas Uprising

PA0201175095 Mexico City Radio ACIR Network in Spanish 1300 GMT 2 Jan 95

[Report by Juan Carlos Santoyo from San Cristobal de Las Casas; from the "Panorama Newscast"—passages within quotations are recorded]

[FBIS Translated Excerpt] The chiming of the midnight bells heralding the beginning of the first day of 1995 was cause for celebration in the jungle of Lacandona to commemorate the first anniversary of the armed uprising in Altos de Chiapas.

At a site known as Aguascalientes, the EZLN [Zapatist National Liberation Army] commemorated this date with a political ceremony and a dance under a clear sky studded with stars, which, from their distant points and as silent witnesses, merely observed developments on this first day of the year.

The first EZLN regiment, headed by Major Mario, was responsible for leading the festivities, but one of the major figures of the EZLN, Subcommander Marcos, was not present as he had always been in the past, contrary to other occasions. On this occasion, he did not accompany those men and women who stood beside him for the past 365 days. This was no obstacle for the leader of the armed branch of the EZLN in sending a taped message that has now become known as the Third Lacandona Jungle Declaration. In this document, Subcommander Marcos calls for the establishment of a national liberation movement: [passage omitted]

Third Lacandona Jungle Declaration Issued

PA0301045195 Mexico City LA JORNADA in Spanish 2 Jan 95 p 4

["Third Lacandona Jungle Declaration" issued by the Clandestine Indian Revolutionary Committee-General Command of the EZLN "from the mountains of south-eastern Mexico" on 1 January—passages in boldface and passages in italics as published]

[FBIS Translated Text] A year has passed since the Zapatist uprising, and today we say:

Our fatherland lives! And, it is ours! It is true, we have been unfortunate, and luck has been against us many times. Nevertheless, the Mexican cause, which is the cause of righteousness and justice, has not succumbed and has not died. Moreover, it will not die because courageous Mexicans, who have the sacred fire of patriotism in their hearts, exist everywhere in the republic. Alive and strong, they will take up their weapons, hoist the national flag everywhere, and wage the battle of right against might.

The gullible man who has accepted the sorry task of being an instrument to enslave a free nation has to understand this well. His trembling throne does not rest on the free will of a nation but on the blood and bodies of thousands of Mexicans who have been sacrificed without reason and only because they defended their freedom and rights.

Mexicans: Those of you who have the misfortune of living in a usurped domain do not acquiesce to carrying such an infamous yoke. Do not delude yourselves with the deceitful illusions made by those who back the crimes that have been perpetrated because they are and always have been in favor of despotism. The existence of uncontrolled power is a permanent violation of law and justice. Time or weapons can never justify this, and this has to be destroyed to honor Mexico and humanity.

Manifesto: We are firm and as resolved as on the first day.

—Benito Juarez, January 1865, Chihuahua

To the people of Mexico:

To the people and governments of the world:

Brothers:

We issued the *First Lacandona Jungle Declaration* on 1 January 1994. We issued the *Second Lacandona Jungle Declaration* on 10 June 1994. Both were inspired by the desire to fight for democracy, freedom, and justice for all Mexicans.

In the first declaration, we called on the Mexican people to take up arms against the evil government—the country's main obstacle to obtaining democracy. In the second, we called on Mexicans to conduct civil and

peaceful efforts, through the National Democratic Convention [CND], to achieve the in-depth changes required by the nation.

While the supreme government showed its falseness and arrogance, we, in the period that elapsed between the two declarations, made efforts to show the Mexican people our social support, the righteousness of our demands, and the dignity of our strife. We silenced our weapons and put them to one side at that time to enable the legal struggle to seek its opportunities... and its limitations. After the *Second Lacandona Jungle Declaration*, the EZLN [Zapatist Army of National Liberation] did everything it could to avoid the renewal of hostilities and to find a just and dignified political solution to resolve the demands listed in the 11 points of our battle plan: housing, land, work, food, health, education, justice, independence, freedom, democracy, and peace.

The August 1994 pre-electoral process sparked hope within broad sectors of the country that the path to democracy was possible via the electoral route. Although the EZLN knew that, given the current conditions, elections were not the road to democratic change, it moved to one side to give the legal political opposition forces a chance to fight. The EZLN made an effort then and kept its promise to search for a peaceful path to democracy. Through the CND, the EZLN called for a civil and peaceful effort, which, without going against the electoral contest, would remain firm. It called to find new ways to fight that would include the most democratic sectors in Mexico and would associate with democratizing movements in other parts of the world. The 21 August elections ended the illusions that we could achieve immediate changes through peaceful means. A corrupt, immoral, inequitable, and illegitimate electoral process ended by once again duping the citizens' goodwill. The state party system reaffirmed its undemocratic vocation and imposed its arrogant will everywhere and at all levels. Confronted with an unprecedented amount of votes, the Mexican political system opted to impose and, thereby, destroyed the hopes of the electoral path. Reports by the CND, the Civic Alliance, and the Truth Commission revealed what the mass media hid in shameful complicity: a gigantic fraud. A host of irregularities, inequalities, corruption, blackmail, intimidation, theft, and forgeries were the context in which the dirtiest elections in Mexico's history took place. The high abstention rate in the local elections at Veracruz, Tlaxcala, and Tabasco indicate that civilian skepticism will again be the rule in Mexico. However, still unhappy with this, the state party system repeated the August fraud and imposed governors, municipal presidents, and local congresses.

At the end of the 19th century the traitors held "elections" to justify the French intervention, and now it is being said that the nation embraces with approval the continuation of imposition and authoritarianism. The August 1994 electoral process was a state crime, and the people responsible for this mockery must be tried as criminals.

Conformity and capitulation have emerged within the ranks of the opposition, which acquiesces while watching one huge fraud become diluted into many small "irregularities." The serious choices in Mexico's democratization struggle now reappear: the prolonging of agony by betting on a "painless" transition, or for a death blow whose spark will illuminate the road toward democracy.

The Chiapas case is only one of the consequences of this political system. By disregarding the aspirations of the people in Chiapas, the government repeated the imposition and arrogance.

Faced with a broad mobilization of rejection, the official party system opted to repeat the lies of its victory over and over, worsening the conflicts. The current polarization in the political scene in southeastern Mexico is the government's fault and proves its incapacity to thoroughly resolve Mexico's political and social problems. Through corruption and repression, the government seeks to resolve a problem whose only solution is conceding the legitimate victory of the Chiapas popular will. The EZLN remained, until then, on the sidelines of popular mobilizations, despite the fact that it faced a great campaign of discredit and indiscriminate repression.

Expecting signs of a governmental will for a political, fair and dignified solution to the conflict, the EZLN witnessed, defenseless, how the best offspring of Chiapas were slain, imprisoned, and threatened, and how its Indian brothers in Guerrero, Oaxaca, Tabasco, Chiuhauhua, and Veracruz were repressed and became targets of contempt as an answer to their demands for solutions to their living conditions.

Throughout this period, the EZLN not only resisted the military siege, threats, and intimidation by federal forces, but it also resisted a campaign of smears and lies. Since we were accused of receiving military and financial support from abroad during the first days of 1994, the government tried to force us to lay down our flags in exchange for money and governmental positions. They tried to strip our struggle of its legitimacy, thereby downplaying national problems by trying to put them into a local Indian context.

The supreme government was preparing the military solution to the Chiapas Indian rebellion while the nation looked on with despair and boredom. Deceiving with a feigned willingness for dialogue, which only hid the intention to smother the EZLN, the evil government let time pass, bringing death to Indian communities nationwide.

The Institutional Revolutionary Party [PRI], the political arm of the organized crime and drug trafficking, continued in the most acute stage of decay by resorting to murder as the method to resolve its internal clashes. Incapable of holding a civilized internal dialogue, the PRI stained the nation's soil with blood. All Mexicans

must still face the disgrace of seeing the national colors being usurped by the PRI's coat of arms.

Realizing this, the government and the country were once again trying to cast into oblivion and cover with a lack of interest the original inhabitants of these lands. Cynical and uncaring attitudes were once again taking hold in the hearts of the nation, and, as well as being denied their basic rights to decent living conditions, the Indian peoples were being denied their right to govern themselves in accordance with their reason and will. The death of our dead was becoming useless, and, considering there was no other alternative, the EZLN dared to break the military cordon that surrounded it and headed out to assist other Indian brothers who—with all peaceful options exhausted—were looked upon with despair and misery. Seeking at all costs to prevent the blood of brothers to be spilled on Mexican soil, the EZLN was forced to once again call the attention of the nation to the sad living conditions of Mexican Indians, particularly those who presumably had already received the government's support and yet continued to drag the poverty they inherited more than 500 years ago. With the December 1994 offensive, the EZLN sought to prove to Mexico and the international community its proud Indian nature and the hopelessness of the local social problems if solutions are not accompanied by thorough changes in political, economic, and social relations nationwide.

The Indian question will not be resolved if there is not a RADICAL transformation of the national pact. The only way to incorporate the Indians into the nation with justice and dignity is by recognizing their own qualities of social, cultural, and political organization. Autonomy does not mean separation; it means integration of the most humiliated and neglected minorities to the contemporary Mexico. This has been understood by the EZLN since its creation and it has been ordered by the Indian rank and file who comprise the directorate of our organization.

We repeat it today:

OUR STRUGGLE IS NATIONAL

We, Zapatists, have been criticized for asking too much. We have been told we must be happy with the charity the bad government has offered us. He who is ready to die for a just and rightful cause is entitled to ask for anything. The Zapatists are willing to give the only thing we have, our lives, to demand democracy, freedom, and justice for all Mexicans.

Today we reaffirm: ALL FOR ALL, NOTHING FOR US!

At the end of 1994, the economic scam by which Salinism had cheated the nation and the international community exploded. The fatherland of money summoned the great lords of power and arrogance, and they did not hesitate to betray the earth and sky under which

they profited from Mexican blood. The economic crisis awakened Mexicans from the sweet and brutalizing dream of entry into the First World. The nightmare of unemployment, shortages, and extreme poverty will now be more acute to the majority of Mexicans.

The year that is ending, 1994, just showed the true face of the brutal system that dominates us. The political, economic, social, and repressive program of neoliberalism has shown the inefficiency, falsehood, and cruel injustice on which it has been based. The neoliberal doctrine and reality must now be discarded onto the trash heap of the nation's history.

BROTHERS:

Today, in the middle of this crisis, decisive action by all honest Mexicans is necessary to achieve a real and profound change in the destiny of the nation...

Today, after first calling on the people to take up arms and then wage a peaceful and civic struggle, we call on the people of Mexico to fight **WITH ALL THEIR MEANS, AT ALL LEVELS, AND EVERYWHERE** for democracy, freedom, and justice through this...

THIRD LACANDONA JUNGLE DECLARATION

in which we call on all social and political forces of the country, all honest Mexicans, and all those fighting for the democratization of the nation to form a **MOVEMENT FOR NATIONAL LIBERATION** that will include the CND and ALL the forces that, regardless of religious creed, race, or political ideology, are opposed to the state party system. This *Movement for National Liberation* will fight for, by common consent and by using all available means at every level, the installation of a transition government, a new constituent assembly, a new constitution, and the destruction of the state party system. We call on the CND and citizen Cuauhtemoc Cardenas Solorzano to head this *Movement for National Liberation* as a broad opposition front.

We call on the workers of the republic, workers in the countryside and city, residents, teachers and students of Mexico, Mexican women, youngsters throughout the country, artists and honest intellectuals, conscious religious leaders, rank-and-file members of various political organizations to fight within their areas of influence, using the forms of struggle they deem necessary and possible, to put an end to the party system by joining the **DEMOCRATIC NATIONAL CONVENTION** if they do not have a party, and the *Movement for National Liberation* if they are members of any of the opposition political forces.

Therefore, in keeping with the spirit of this **THIRD LACANDONA JUNGLE DECLARATION**, we declare that:

1. The custody of the fatherland is withdrawn from the federal government.

The flag of Mexico, the supreme law of the nation, the Mexican anthem, and the national coat of arms will now be under the protection of the resistance forces until legality, legitimacy, and sovereignty are restored throughout national territory.

2. The original Political Constitution of the United Mexican States, issued on 5 February 1917, is hereby declared valid, in addition to the Revolutionary Laws of 1993 and the Autonomy Statutes affecting Indian regions. Also, the observance of the same is declared until a new constituent assembly is installed and a new constitution is ratified.

3. We call on everyone to struggle for the recognition of the "transition to democracy government" established by the communities themselves, as well as by social and political organizations, to uphold the federal pact agreed upon in the 1917 Constitution and to join, regardless of creed, social class, political ideology, race or sex, the *Movement for National Liberation*.

The EZLN will support the civilian population in the task of restoring legality, order, legitimacy, and national sovereignty, and it also will support the struggle to form and install a national transition to democracy government with the following characteristics:

1. *That eliminates the state party system and truly separates the government from the PRI. [Institutional Revolutionary Party]*
2. *That reforms electoral legislation to guarantee transparency; credibility; fairness; nonpartisan and nongovernmental participation; and recognition of all national, regional, and local political forces; and that supports calls for new general elections at the federal level.*
3. *That calls for a constituent assembly to draft a new constitution.*
4. *That recognizes the unique characteristics of Indian groups, recognizing their right to autonomy and individual rights.*
5. *That redirects the nation's economic programs, undermining masquerades and lies, and that favors the neediest sectors of the country, workers, and peasants who are the main producers of the wealth pocketed by others.*

BROTHERS:

Peace will come hand in hand with democracy, freedom, and justice for all Mexicans. We will not find the just peace that our dead demand if it is achieved at the expense of our Mexican dignity. Land does not have respite and walks in our hearts. [sentence as published] The mockery of our dead requires that we fight to cleanse their sorrow. We will resist. Infamy and arrogance will be defeated.

Just as when Benito Juarez led the fight against French intervention, the fatherland is now marching on the side

of the patriotic forces against antidemocratic and authoritarian forces. Today we say:

The fatherland lives! And it is ours!

Democracy!

Freedom!

Justice!

[Issued] From the mountains of southeastern Mexico

[Signed] Clandestine Indian Revolutionary Committee-General Command of the EZLN

Mexico, January 1995

Communique Declares 6-Day Cease-Fire

PA0301014095 Mexico City LA JORNADA in Spanish
2 Jan 95 p 4

[Communique issued by the Clandestine Indian Revolutionary Committee-General Command of the EZLN "from the mountains of southeastern Mexico" on 1 January]

[FBIS Translated Text] To the people of Mexico:

To the peoples and governments of the world:

To the insurgents and militiamen of the Zapatist National Liberation Army [EZLN]:

To the grass-roots level of the EZLN:

Brothers:

Today we mark the first anniversary of the beginning of the Mexican awakening. One year ago our cry of Enough! awakened the Mexican nation from the deceit and lies in which the supreme government maintained it. The awakening of the year began with a small light of hope for the poor of the country.

The Zapatist weapons spoke the language of fire and death. With the blood of our brothers we forced the entire nation to look toward its most abandoned children—the Mexican Indians.

This is why today we greet our dead. They showed the nation the real face of injustice and poverty in which most Mexicans live.

Nevertheless, the country's concern for the Indians did not last long. Soon oblivion came into the hearts of Mexicans and despair filled our hearts once again. At the end of 1994, we were forced to adopt an action that would remind the entire world that the problem remained unresolved.

Stemming from government's imposition and the mockery of the democratic will of the Indian people of Chiapas, on 9 December 1994 we began to break the military siege and advanced into territories in which our brothers were suffering. Ten days later, in the predawn

hours of 19 December 1994, the military campaign "Peace With Justice and Dignity for the Indian Peoples" culminated. The military campaign "Guardian and Heart of the People" lasted another 10 days, in which our troops resisted without casualties the attack of government forces and held the captured positions.

This is why we want to greet the Zapatist troops who broke the siege and advanced with their message of democracy, freedom, and justice through the mountains of southeastern Mexico.

We want to greet the brotherly troops of the 7th Regiment of the 75th Zapatist Infantry Division. In their positions in the mountains, these Zapatist men and women are listening to us. They conquered positions in the following municipalities: Los Altos de Chiapas, San Andres Sacamanch, San Juan de la Libertad, Santa Catarina, Magdalena de la Paz, Nuevo Bochil, San Pedro Chenalho, Cancuc, Sitala, Ixtapa, Jovel, Amatenango del Valle, Zinacantan, Jitotol, Teopisca, Nuevo Venustiano Carranza, Nicolas Ruiz, Socoltenango, and Totolapa.

We also greet the Zapatist troops of the 9th Regiment of the 75th Zapatist Infantry Division. In their camps in northern Chiapas, the brotherly Zapatist Choles, Tzotziles, Tzeltales, and Zoques are listening to us. They conquered positions in the municipalities of Huitiupan, Simojovel, Sabanilla, Vicente Guerrero, Trabajo, Francisco Villa, Independencia, Benito Juarez, and La Paz.

We also want to greet the Zapatist troops of the 11th Regiment of the 75th Zapatist Infantry Division. In the mountains, brotherly Zapatist Tzeltales and Tojolabales are listening to us. They captured territory in the municipalities of 1 de Enero, Ernesto Che Guevara, Miguel Hidalgo, and 17 de Noviembre.

Finally, we want to greet our Zapatist troops of the 21st Zapatist Infantry Division. In the Lacandona Jungle, brotherly Zapatist Tzeltales and Tojolabales are listening to us.

Long life to the Tzotziles, Choles, Tojolabales, Zoques, and Tzeltales men and women who in Los Altos, in the north, and in the Chiapas jungle wrote this glorious page in our nation's history.

Brothers:

The military campaigns "Peace With Justice and Dignity for the Indian Peoples" and "Guardian and Heart of the People" have ended successfully. We do not have any casualties in our ranks and no clashes with enemy forces were reported.

We have sent the supreme government just conditions for a stable truce and have reiterated our willingness to attain a political, just, and dignified solution in an effort to resolve the conflict. While these conditions are achieved, this General Command has decreed a temporary cease-fire. Starting today, 1 January 1995, and until 6 January inclusive, we will not make any advance or

take any offensive military action. Our troops were ordered to remain in their current positions and avoid contact with government forces.

Any new orders that may come from this command will be relayed to you in a timely manner.

Brothers:

Today, 1 January, the day on which we celebrate with our arms high in the air the first anniversary of the beginning of the Zapatist rebellion, is the day of national dignity. Today is the day that reminds the powerful and the arrogant once more that dignity still lives within Mexicans and that it was necessary for the most humble and humiliated citizens of this fatherland to shed their blood and cover their faces and conceal their names to demonstrate the real face of dignity. Dignity means fighting for everyone; it means fighting to be able to speak of the history of resistance of our people and to erase the shame that clouded the Mexican sky.

One year ago today, this country that is called Mexico stopped being ashamed of its Indian past and present. One year ago today, this country that is called Mexico learned that there are still honorable and brave men and women who are ready to give everything, even their lives, to achieve democracy, freedom, and justice for everyone. Today, and for the past year, having Indian blood in our veins is not a shame; it is an honor. The highest honor a Mexican can hope for since 1 January 1994 is to be called "Indian," because Indians were the blood and cry that reminded the Mexican nation of its greatest riches: Dignity.

Brothers:

Today, like one year ago, Mexican Indians once again are speaking up and taking up arms to remind the country and the entire world that the struggle is not over, but instead, just beginning.

Today, like one year ago, we say, we cry, we demand:

Long life to the Mexican Indians!

Death to the supreme government!

Long life to the EZLN!

Democracy!

Freedom!

Justice!

[Issued] From the mountains of southeastern Mexico

[Signed] Insurgent Subcommander Marcos

Clandestine Indian Revolutionary Committee-General Command of the EZLN

Mexico, January 1995

Government Affirms Pledge To Achieve Peace in Chiapas*PA0201175195 Mexico City Radio ACIR Network in Spanish 1300 GMT 2 Jan 95**[Report by Jesus Casasola; from the "Panorama Newscast"]*

[FBIS Translated Text] Even though it does not share views as stated by the Zapatist Army of National Liberation [EZLN] in its Third Lacandona Jungle Declaration, the government of the republic has affirmed its pledge to achieve peace, given its great interest in finding a just and dignified political solution to the Chiapas State conflict; therefore, it has again urged the National Mediation Commission to attain a direct dialogue with the EZLN as soon as possible.

The Government Secretariat has reported the executive branch of the federal government has launched efforts to establish the essential channels of communication to create the conditions for a dialogue and negotiation. This determination is specifically proved by the actions carried out by President Ernesto Zedillo, who gave specific instructions since the start of his term so an institutional representation of the federal government can establish communication with those recognized as mediators by the EZLN. The National Mediation Commission [Conai] was recognized as the mediator in the peace process, and intensive talks have been carried out with its members.

The Government Secretariat added meetings have been held with the congressional Commission for Dialogue and Mediation of Peace, which was created, based on an agreement of the Chamber of Deputies and Senators, in a plural and bicameral manner to cooperate, as representatives of the republic, in the search for a just, dignified, and definite solution to the conflict.

The government agency has stated the Indian issue is an unpostponable priority. Mexicans must honestly accept that the backwardness and deprivation in which Indian people have lived must be solved immediately. Mexican society and the government of the republic have recognized that accumulated deficiencies in Indian towns and communities deserve an in-depth solution.

The Government Secretariat has reaffirmed President Ernesto Zedillo's pledge, based on his political conviction, the nature of his responsibility as president, and his most profound principles, that no initiative will be implemented in Chiapas State if it implies the use of force.

The Government Secretariat, the executive branch's representative for the conflict in Chiapas State, has held five meetings with various Conai members to notify the EZLN about its willingness to participate in a dialogue and negotiation with an open agenda to establish specific pledges.

Urges EZLN To Engage in Direct Dialogue*PA0301032695 Mexico City LA JORNADA in Spanish 2 Jan 95 pp 3, 10**[Report by Ismael Romero]*

[FBIS Translated Text] Last night, President Ernesto Zedillo's administration reiterated it will not undertake in Chiapas any initiative that involves the use of force, and it proposed a "direct dialogue" with the EZLN [Zapatist Army of National Liberation] as soon as possible, after learning the contents of the Third Lacandona Jungle Declaration, which outlines views the president does not share.

In a communique released last night, the Government Secretariat reaffirmed the government's commitment to peace and insisted that dialogue for reconciliation is the path that most Mexicans want.

For this reason the president said he will continue to consider with genuine interest the EZLN's expressed willingness in its 1 January communique to find a political, fair, and dignified solution to resolve the conflict, and he urged the National Mediation Commission (Conai) to hold direct talks with the rebel group as soon as possible.

The Government Secretariat summarized in two pages the steps taken to renew dialogue and negotiation, including the recognition of Conai as the mediating body and the creation of a multipartisan congressional commission to assist the peace process.

The communique stressed that the Government Secretariat has held five meetings with members of Conai to inform the EZLN of the government's willingness for dialogue and negotiation with an open agenda and firm commitments.

The government of the Republic reaffirms its commitment for peace. Dialogue for reconciliation is the path that most Mexicans want. This is their mandate.

Through great efforts by all sides and the demands of Mexican society, notwithstanding the declaration of war, we have been able to mark an anniversary of the conflict without Mexicans having to face a new year that features the calamity of a new armed conflict.

It is with this conviction that we Mexicans remain united. The federal government has undertaken efforts to establish channels of communication that are essential to create conditions for dialogue and negotiation.

Objective proof of this resolve are those actions undertaken by President Ernesto Zedillo, who, from the beginning of his mandate, has issued precise instructions for federal government representatives to establish contacts with those recognized by the EZLN as mediators. Conai was recognized as the mediating body following intense talks with its members.

Likewise, meetings have been held with the Legislative Commission for Dialogue and Mediation, which, according to the Chamber of Deputies and the Senate, was created in a multipartisan manner by the two chambers to help, as representatives of the Republic, find a fair, dignified, and lasting solution to the conflict.

In 1994, a significant amount of resources were earmarked for Chiapas. This effort is intended to start

giving immediate attention to the most serious shortages in the region and should continue, and it will culminate with several actions that generate conditions for justice and participation of the peoples and communities to establish lasting foundations for a profound change.

These actions must first undergo a negotiation process to sanction them for the construction of a fair, dignified, and stable peace.

The Indian question is an unpostponable priority. We Mexicans have to honestly face the backwardness and poverty in which the Indians have lived, and we must begin to correct these problems immediately.

Mexican society and the government of the Republic have recognized that the overall shortages faced by the Indians and their communities deserve an in-depth solution.

On the basis of full respect for their dignity and the upholding of that dignity, we shall build with the Indians a great national commitment that will nurture active participation to reach justice and development, respecting the Indians' own ways of organization.

This communique serves to reaffirm the president's commitment—by virtue of his political conviction, by the nature of his responsibility as president, and because of his deepest principles—that no initiative will be taken in Chiapas that implies the use of force.

The Government Secretariat, as the executive branch's representative in attending to the Chiapas conflict, has held five meetings with several Conai members to inform the EZLN of the government's willingness to hold a dialogue and to negotiate with an open agenda to seek definite commitments.

The Government Secretariat states that, despite the fact that it does not share the views the EZLN expressed in its "Third Lacandona Jungle Declaration," the government of the Republic ratifies its commitment to peace, and for this reason it continues to consider with deep interest the EZLN's expressed willingness in its 1 January communique to find a political, fair, and dignified solution to resolve the conflict, and, in turn, it is urging Conai to secure a direct dialogue with the EZLN as soon as possible.

Madrazo Assumes Governorship of Tabasco State

PA0201150595 Mexico City Canal 13 Television Azteca Network in Spanish 1300 GMT 2 Jan 95

[Report by Samuel Prieto Rodriguez in Tabasco; from the "Early Morning" newscast]

[FBIS Translated Text] Roberto Madrazo has assumed the governorship of Tabasco State even though the main square and government palace were surrounded by hundreds of displeased PRD [Party of the Democratic Revolution] members:

[Begin Madrazo recording] If I fail to do so, let the nation and the state demand it. [applause] [end recording]

Applause and special guests abounded at the Esperanza Iris Theater. Roberto Madrazo has assumed the Tabasco State governorship despite the atmosphere of displeasure that prevailed among PRD members. His first message to the people of Tabasco was then issued. The preceding blockade around oil wells and other demonstrations could not be avoided:

[Begin Madrazo recording] Assuming plurality compels the parties, first of all, to exercise tolerance as the condition for a dialogue, assuming plurality within the framework of the law annuls the social factors [words indistinct]. [end recording]

According to the latest provisions, the executive branch of the federal government did not attend the ceremony, but Senator Maria de los Angeles Moreno has said this point is merely a new form of federalism:

[Begin Moreno recording] This has a symbolism on which President Ernesto Zedillo has greatly insisted, meaning respect and advocacy of a new vision of Mexican federalism; this point does not imply that no federal government officials will attend or that there is no support or cooperation among the various government levels. [end recording]

While Roberto Madrazo addressed those who gathered at the Esperanza Iris Theater, the main square and streets around the government palace remained under the control of the displaced PRD members:

[Begin PRD member Andres Manuel Lopez recording] The state cannot be ruled amid a postelectoral conflict because it is divided. Harmony and unity are required, based on legality and democracy. [end recording]

Meanwhile, PRD activists will continue their civilian resistance by blockading oil wells and continuing their sit-down strike in the downtown center of Villahermosa.

One Dead, 4 Injured in Veracruz Transfer of Power

PA0201140995 Mexico City Canal 13 Television Azteca Network in Spanish 1300 GMT 2 Jan 95

[From the "Early Morning" newscast]

[FBIS Translated Text] One dead and four seriously injured was the result of the transfer of power in San Andres Tuxtla, Veracruz, during the weekend when members of several discontent political parties clashed.

In view of these deplorable actions, the Government Secretariat has released a communique condemning the incidents that occurred during the transfer of government in the 207 municipalities of Veracruz. At the same time, it has urged the pertinent authorities of San Andres Tuxtla to enforce the law immediately and to punish the culprits by taking the appropriate steps.

El Salvador**Bank Proposes To Set Exchange Rate at 8.75 Colones***PA3112163794 San Salvador EL DIARIO DE HOY in Spanish 20 Dec 94 p 11*

[Report by Economic and Business Editor Marvin Portillo]

[FBIS Translated Text] The Central Reserve Bank of El Salvador [BCR] has proposed to set the exchange rate at 8.75 colones per U.S. dollar as a much needed measure to consolidate economic growth and to successfully integrate the country into the international economy.

As reported two months ago by EL DIARIO DE HOY, the BCR has been evaluating the possibility of modifying the current exchange system, in which the price of the U.S. dollar is determined by the principles of supply and demand, and replacing it for another in which the rate would be permanently fixed by a monetary authority.

The current system, known as "tainted floating" [flotacion sucia], allows the BCR to intervene in the market by buying or selling significant amounts of dollars with the objective of regulating supply and preserving currency costs at stable levels.

"We have evaluated several options and have concluded a fixed exchange system would be more adequate for our country than the system currently in use," BCR President Roberto Orellana Milla has said during one of his most recent interviews.

The central bank official has stipulated the BCR will raise a proposal before the Legislative Assembly to fix the price of the U.S. dollar to 8.75 colones, which is the exchange market's current average price. The recommended rate would be used for purchases and sales of U.S. dollars.

Orellana justified the previously mentioned exchange rate by saying "we have been practically using a fixed exchange rate for the past two years" despite having deregulated the currency market in 1991.

The Salvadoran colon will not undergo any devaluation vis-a-vis the U.S. dollar, because the proposed price of 8.75 colones has remained unchanged for the past two years according to the central bank president.

The BCR official has said the change in monetary policy is essential "if we want the country to successfully integrate into the international economic scenario and the globalization process."

Likewise, he has said the measure would not enter into effect as long as it has not been approved by the Legislative Assembly, and he has refrained from disclosing when the recommendation would be presented before the assembly.

Orellana has acknowledged the need to adopt other economic measures, such as establishing adequate fiscal controls, encouraging the state modernization program, and accelerating the customs tax reduction program, if the exchange rate system is expected to work.

"I would like to assure you we have already met the required conditions, because the fiscal deficit is being controlled, and there is a political willingness to continue working with the economic opening process and an intention to proceed with the state modernization program," the bank official has said.

BCR Vice President Gino Bettaglio has said, however, the reserve bank needs somewhere between \$300-\$400 million to implement the fixed exchange system, "and we have at this time about \$780 million in reserve, an amount which is nearly double of what is needed. [no closing quotation mark as published]

Customs Tariffs To Be Reduced

As part of the contemplated measures to ensure the success of the fixed exchange rate system, the BCR president has announced a step up in the custom tax reduction program but in agreement with the rest of the Central American nations.

"We still do not have anything definite yet, but we do expect to drop one level," the official has said.

Orellana has said the custom tariff reduction levels would be negotiated with Central America, but he has said, however, El Salvador could not allow "other nations to restrain it."

"We must move swiftly if we are prepared but always taking care to remain within integration limits," he has said.

The fastest way to agree on import tax reductions with other nations would be through bilateral and flexible agreements that would allow other nations to incorporate according to the BCR president.

Defense Minister Announces Promotions, Transfers*PA3012232794 San Salvador Radio Cadena YSU in Spanish 1800 GMT 30 Dec 94*

[From the "YSU Radio News" newscast]

[FBIS Translated Text] Defense Minister General Humberto Corado early this morning announced the latest general order of changes, including promotions and transfers within some of the country's brigades. Gen. Corado is automatically promoted to division general, and as he made public this order, he said the following:

[Begin Corado recording] I want to tell you that this General Order Number 15, which is the last order of 1994, contains promotions within the high command of

the Armed Forces. All these promotions are in accordance with the respective laws and regulations. First, I will announce the promotion of yours truly, the national defense minister, from brigadier general to division general, which is the highest rank one could aspire to within our armed institution. Second, I am making public the promotion of Colonel Jaime Guzman Morales, chief of the Joint Chiefs of Staff, to brigadier general. Col. Jose Domingo Flores Portillo, who is the current Armed Forces inspector general, is promoted to brigadier general.

Then, we have the promotions of 15 lieutenant colonels to colonels; three captains were promoted to majors; 117 lieutenants to captains; and 75 first sub-lieutenants to lieutenants.

Among the most important transfers included in General Order Number 15, I could list the following: first, Col. Samuel Dolores Cuellar, who held the post of National Police director, was transferred to the 2d Infantry Brigade, headquartered in Santa Ana, as its commander. Col. Nicolas Hernandez Quintanilla, who is currently the 2d Infantry Brigade commander, was transferred to the 5th Infantry Brigade, headquartered in San Vicente. Col. Salvador Antonio Sosa Carranza, who is currently the 5th Infantry Brigade commander, was transferred to the National Defense Ministry as its secretary general. (Col. Gilbert Henriquez Caceres), who was a member of the Joint Chiefs of Staff, was transferred to the Special Forces Commando Unit as its commander. Col. Jose Antonio Rodriguez Molina was transferred from the National Defense Ministry to the 9th Military Detachment headquartered in Zacatecoluca. Col. Mario Enrique Tejada Mejia, who was the National Police Traffic deputy director general, was transferred to the 4th Military Detachment, headquartered in San Francisco Gotera as its commander. (Col. Benjamin Toleres Cheverria) was transferred from the Special Forces Commando Unit to the Infantry School as its director. Col. Lex Jose Parker Estrada was transferred from the Infantry School to the National Defense Ministry as its administrative director. Col. Hernan Martinez Colocho, who was the 3d Military Detachment commander, was transferred to the Logistical Support Commando Unit as its Armed Forces General Warehouses commander. (Col. David Victoriano Munguia), who was the deputy director of the Staff Commando School, was transferred to the Joint Chiefs of Staff as operations chief. Finally, (Col. Walter Osvaldo Garcia Oliva), who was an officer in the 2d Infantry Brigade in Santa Ana, was transferred to the Cap. Gen. Gerardo Barrios Military School as its deputy director. These are the most important appointments listed in General Order 15 of the National Defense Ministry. There are other transfers of lower-ranking officers and subordinates that we consider to be ordinary transfers and that we will not list because we do not have much time left. [end recording]

Minister Corado also announced the creation of the 9th Military Detachment to be headquartered in Zacatecoluca, La Paz Department and the transfer of the 3d

Military Detachment headquartered in La Union to the quarters of the Armed Forces Military Training Center, CEMFA.

The defense minister also announced that the Arce 2000 Plan, which is being implemented by the Armed Forces, is a long-term plan aimed at modernizing the Armed Forces laws regarding their participation in society. The plan also seeks to strengthen new structures and the Army's institutionalality. As for the registration of weapons, Minister Corado reported that 5,000 weapons have been registered so far.

Guatemala

Individuals Try To Set Fire to U.S. Marine Residence

PA0101194595 Mexico City NOTIMEX in Spanish
1921 GMT 1 Jan 95

[FBIS Translated Text] Guatemala City, 1 Jan (NOTIMEX)—Unidentified individuals attempted twice today to set fire to the residence where the Marines who guard the U.S. Embassy live, volunteer firefighters reported.

Rony Veliz, spokesman for the firefighters, said they went to the residence located in exclusive Zone 14 of this capital to extinguish the fire on both occasions.

The spokesman said that according to the occupants of the residence, unidentified individuals tried to burn the house first by setting fire to the lawn and then to an outside part of the residence. The fire was extinguished by the Marines and the firefighters on the two occasions, Veliz added.

The embassy has not issued a statement on the incident.

De Leon on Signing of Peace Accords Before May

PA3112163494 Mexico City NOTIMEX in Spanish
1835 GMT 29 Dec 94

[FBIS Translated Text] Guatemala City, 29 Dec (NOTIMEX)—Guatemalan President Ramiro De Leon Carpio warned today the signing of the peace accord must take place before May 1995, because the electoral process to choose a new president will begin by the middle of next year.

De Leon stated in a communique this signing will indeed occur before the end of the first semester of 1995 despite the nonfulfillment of the accord by the guerrillas and government to sign peace during December.

The unprecedented advancement of the talks made in 1994 will make it possible for the peace accord to be signed before May, given the proximity of the elections that may undermine the materialization of an accord to end 34 years of war, the president added.

De Leon, who went on a one-week vacation this Thursday, said he is not upset over the nonfulfillment of the goal to sign the peace accord, adding he is satisfied with the six accords reached with the guerrillas at the bargaining table.

In his annual report on the government's work disclosed on 27 December, the former human rights ombudsman recalled he managed to get the talks with the insurgents, which were halted in May of that year, under way when he took office in June of 1993.

So much progress has been made that "we are now saying peace will be signed in a few months," De Leon said.

During the present year, agreements were signed on the framework of talks, the schedule, international human rights, the displaced population, the Verification Commission of the Historical Past, and the Immediate International Verification Commission.

Local political analysts believe the rebels are also willing to sign the peace accord with the government of De Leon in light of the proximity of the elections and the possibility General Efraín Ríos Montt may be elected.

The military officer, who overthrew the government of Romeo Lucas García in 1982, hopes to announce his nomination as presidential candidate.

Ríos Montt, the current president of the Guatemalan Congress, has been blamed by his critics for executing the harshest counterinsurgency campaign in Guatemala, which is known as the "scorched earth" campaign.

The government and guerrillas hope Frenchman Jean Arnault, the UN mediator, will establish a new date in the next few hours for the beginning of the talks, official sources have concluded.

Butrus-Ghali Sets Deadline for Report on Peace Talks

PA3112171794 Guatemala City SIGLO VEINTIUNO in Spanish 30 Dec 94 p 3

[Report by Carlos Canteo]

[FBIS Translated Text] According to an official document made available to SIGLO VEINTIUNO, UN Secretary General Butrus-Ghali has sent the Guatemalan Government and the Guatemalan National Revolutionary Unity a note setting a 15-day deadline for receiving from them a report establishing the steps the two sides are prepared to take so the peace negotiations may regain the tempo of the first half of 1994.

Butrus-Ghali tells the two sides in his note all the members of the General Assembly are interested in the negotiations recovering the initial fervor, and for this reason he is urging the two parties involved in the conflict to work for a prompt signing of a peace agreement.

According to the note, the intent of Butrus-Ghali and the UN General Assembly is for the two sides to reach an agreement for a lasting peace as soon as possible, as the framework and schedules agreement establishes.

Butrus-Ghali has stated: I believe it is important at the end of 1994 for the sides participating in the peace process to renew their commitment to energize the talks and to offer a clearer atmosphere to promote the end of the armed conflict.

According to the note, Butrus-Ghali cautioned De Leon Carpio on 8 April that the United Nations will make no effort to contribute to a positive conclusion of the negotiations. He reiterated in the recent note UN participation cannot be a substitute for the firm political will of the two sides to negotiate a peace treaty.

URNG Seeks Positions in Government Agencies

PA0301020395 Mexico City NOTIMEX in Spanish 1839 GMT 2 Jan 95

[FBIS Translated Text] Guatemala City, 2 Jan (NOTIMEX)—The Guatemalan National Revolutionary Unity (URNG) has asked the government of President Ramiro De León Carpio for positions in various government agencies, but the request has been rejected and has kept the peace talks at a standstill, Guatemalan Archbishop Próspero Penados stated today.

"I do not truly know the extent of the power sharing requested (by the guerrillas), but it would reportedly include positions in the police, the (Ministry of) Government (Interior), or in the Armed Forces," Penados added in a statement to NOTIMEX.

"To obtain a positive answer to such a request would be very difficult at this point," he warned, citing sources close to the peace talks the government and the URNG have been conducting since April 1991 to end the 34-year-old internal conflict in this country.

Last week, military and government authorities stated here that peace was not achieved in 1994 because the URNG had adopted "intransigent" positions that hindered a dialogue and an understanding between the parties.

According to sources cited by Penados, the URNG General Command is seeking political positions similar to those attained by the former Farabundo Martí National Liberation Front (FMLN) rebel movement in El Salvador. After becoming a political party following the signing of the 1992 peace agreements, the opposition FMLN movement obtained, during the 1994 general elections, 21 of the 84 seats that make up the Legislative Assembly, as well as 10 of the 261 mayoralties in El Salvador.

"We must understand that they (the URNG) have fought a war for 34 years and will not lay down their weapons

just like that without gaining anything," Penados maintained. Penados added that he is opposed to the negotiations because they only involve certain groups and not "all Guatemalans."

The war "is not a problem of one sector. It began here because of social injustices that pervade the country. Therefore, it is everyone's responsibility to resolve it," he pointed out. Penados also reiterated his view that the talks must take place publicly and without the secrecy that has characterized them since their beginning to enable the people to express their opinion on the progress of the deliberations.

Last Sunday, UN Secretary General Butrus Butrus-Ghali asked the parties to speed up the negotiations in order that the peace agreement—which could not be signed in 1994—can be signed this year.

Honduras

Government To Grant Temporary Asylum To Cubans

PA3012164594 *San Pedro Sula TIEMPO in Spanish*
30 Dec 94 p 3

[FBIS Translated Text] Foreign Minister Ernesto Paz Aguilar yesterday said that the Honduran Government will grant temporary asylum to Cuban rafters but that their desire is to live in the United States.

"Actually, there is no definite solution yet, but we have contacted the U.S. Government to ensure they will be informed of the petition made by the rafters, who want to go to and live in the United States," Paz added.

The government official said it is quite difficult for Honduras to maintain these Cubans, but it is searching for mechanisms to grant them temporary asylum as refugees for humanitarian reasons.

Paz said he will not change the personnel working abroad, because he is pleased with the work these people have done.

He also reported Haitian President Jean-Bertrand Aristide and Spanish Prime Minister Felipe Gonzalez will officially visit Honduras early next year, adding a visit by former U.S. President Jimmy Carter is likely.

Foreign Minister on Congressman's Visit to Cuba

PA3012183894 *Tegucigalpa LA TRIBUNA in Spanish*
29 Dec 94 p 9

[FBIS Translated Text] Foreign Relations Minister Ernesto Paz Aguilar says National Congress Vice President Jorge Arturo Reina's visit to Cuba has come within a context of "natural closer ties between two brotherly nations."

After asserting that Honduras is maintaining a position of making efforts to normalize relations with Cuba, the

foreign minister refrained from making any other comments regarding the visit to the island by the president's brother. Yesterday, an international news dispatch reported that Jorge Arturo Reina declared in Cuba that "relations between the two countries were at their best ever."

Meanwhile, Ernesto Paz Aguilar described as good the country's foreign policy during the administration's first year in power, and he added that the policy is unique in that President Carlos Roberto Reina is overseeing it so closely.

Regarding the arrival of more Cuban rafters at the Islas de Bahia following a shipwreck that resulted from the rafters' attempt to reach Miami in the United States, the minister said, "this is a very complex issue." He added that contacts have been established with U.S. Government to resolve the issue because these people do not wish to live in Honduras but want to travel to the United States.

President Successfully Undergoes Minor Surgery

PA3012201894 *Tegucigalpa LA TRIBUNA in Spanish*
30 Dec 94 p 10

[FBIS Translated Text] Yesterday at 1345 local time in San Antonio, Texas, President Roberto Reina underwent an operation to remove a polyp from his colon. Four hours later he was released from the hospital.

The operation was performed by three San Antonio Methodist Hospital doctors. The president's private physician, Dr. Marco Antonio, Bogran was present during the operation.

The minor surgery the president underwent did not require anesthesia, only a sedative. Because of this Reina was conscious throughout the entire operation.

Following is the official bulletin sent from the United States regarding the health of the president:

"President Carlos Roberto Reina underwent surgery at the Methodist Hospital in San Antonio, Texas, to remove a polyp from his colon. An operation was carried out using a colon scope and moderate sedation. The removal of the polyp was accomplished without any complications. The procedure lasted approximately 45 minutes and his recuperation has been immediate and complete. A full medical examination was also performed on First Lady Bessie Watson de Reina with highly satisfactory results."

Nicaragua

Lacayo: Executive Not To Accept Constitutional Amendments

PA3012202094 *Managua BARRICADA in Spanish*
29 Dec 94 pp 1, 7

[Report by Francisco Xavier Rayo V.]

[FBIS Translated Text] Presidency Minister Antonio Lacayo has told BARRICADA: "The executive will not accept the recently approved constitutional amendments, just as it did not approve the September amendments and Law 173, unless such amendments respond to a broad consensus and abide by the law, as President Violeta Chamorro has announced. These two requirements apparently have not been met." He added that the approval by the deputies does not necessarily entail the unity a constitutional amendment is supposed to have for the country's good and that, instead, the tension between the state branches and the National Assembly can be observed.

The executive in May sent a three-name list from which a magistrate would be elected to replace Rodrigo Reyes in the Supreme Court of Justice, but the deputies have not made the election yet. We will send a three-name list in January to replace Rafael Chamorro, whose resignation we officially learned about a few days ago. This situation is "an aggression against the judiciary," Lacayo has said, adding: "We are astonished at the National Assembly's lack of seriousness to deal with this subject. The Assembly in September published Law 173, which is a constitutional amendment, but they themselves did not abide by this law in November and December. How can they expect people to obey their laws?"

Harmony Between Branches

Some ill intention seems to be concealed behind this decision, which undermines harmony between branches. Whether an institutional crisis takes place will depend on the legislature to a large extent. It can publish its reforms, as it did with Law 173 in September, a law which not even it has obeyed.

It is true the Constitution grants the deputies certain powers, but these powers must be exercised within the framework of law, but the law has apparently been seriously breached. For instance, the initial proposal included brand-new chapters, but there was no explanation of why certain articles were to be amended.

Lacayo has said there is no precedent in the country of a constitutional reform being imposed. It must be the result of a national political consensus, which does not exist in this particular instance. For all practical purposes, the deputies monopolize the country's political forces, and this is not correct, he has said.

The executive has learned certain people have filed an amparo recourse against these reforms, although President Chamorro has already defined her position. In the end, however, the judiciary will apparently settle the matter, but the situation can get complicated if the Assembly blocks this action. I hope that will not happen, he has said.

The Possibilities Lie on the Table

Lacayo has said that it is possible for all candidates, even him, to be elected, that democracy permits everyone to

elect and be elected. Placing obstacles before certain people, however, is not only undemocratic but is tantamount to closing one's eyes to competition. He has said he has learned that many people living in Miami were upset, because these reforms "left them out" by ruling that in order to be elected president, deputies, or mayors, they must have resided in the country for the past five years before they can return and contribute to the country's development or politics.

Those people believe the doors are being closed on them, and they still do not know who is doing so, because those reforms have been voted by Sandinists, liberals, and conservatives. The deputies have demonstrated they have a mouse's brain, he concluded.

Lacayo on Labor Mobility Plan, Foreign Debt

PA3012210294 Managua BARRICADA in Spanish
29 Dec 94 pp 1, 7

[Report by Francisco Xavier Rayo V.]

[FBIS Translated Text] The possibility of the government dismissing thousands of public employees at the beginning of next year hangs like the sword of Damocles, and the thin hair suspending it could break once the executive branch concludes its analysis of the budget approved recently by the National Assembly. This statement was given to BARRICADA by Presidency Minister Antonio Lacayo who has reported the Labor Mobility Plan [PML], which has been voluntary until now, could become "obligatory" due to Budget Law cuts by the deputies. He has said: "It all depends now on the Finance Ministry's analysis of the budget approved by the legislative branch. The idea is to keep the 'voluntary' essence of the plan, but it will become obligatory in certain cases, because there have been quite a few cuts."

Lacayo has said the privatization of Nicaraguan telecommunications and postal services will represent a "big step" for the Labor Mobility Plan, because from 2,000-2,800 people will benefit from the program and stop being public employees.

They will continue working but not in the public sector. They will be working for an enterprise viewed as private although the state will keep a portion of the shares. The PML will remain open to whomever may want to voluntarily join it.

Lacayo has applauded the signing of the Enhanced Structural Adjustment Facility [ESAF] and ECR [expansion unknown] II agreements. Lacayo has received information from the countries of the Paris Club that have resolved to reduce Nicaragua's bilateral debt with them by two-thirds.

The reduction measure benefits countries described as poor and indebted countries having a per capita income of \$700 or less a year and, especially, those implementing economic programs approved by the IMF, he added.

Nicaragua will be the first country in February 1995, probably, to sign this agreement due to the signing of the ESAF with the IMF and the ECR II with the World Bank, and the agreement with the IDB [Inter-American Development Bank], organizations that have permitted the flow of funds to the country, Lacayo has said.

Had it not been for these agreements, the year would have closed with a high deficit, aid from donors would have dropped, the exchange rate would have increased, and public expenditures and credits would have dropped, and any of these measures would have hurt the national economy, Lacayo has said.

Lacayo has said the foreign cooperation level with Nicaragua is good although not as good as we wish. He has said, however, the flow of cash has allowed us to pay certain debts as well as the "burdensome" oil bill, and this action has allowed us to survive.

The government wants to close 1995 paying as little as possible on the foreign debt, without endangering the flow of aid with the real foreign debt not being more than twice the gross national product; that is, between \$3 billion and \$4 billion. Theoretically, this debt now amounts to \$11 billion, which is unpayable, he has said.

Lacayo has said the countries of the Paris Club understand this fact and are prepared to renegotiate the debt bilaterally and to support Nicaragua in its renegotiations with Russia and private banks so as to permit payment in 20, 30, or 40 years.

Cocaine Trafficking in 1995 Continued Unabated

PA0101150795 Managua EL NUEVO DIARIO in Spanish 31 Dec 94 p 1, 8

[Report by Oscar Merlo]

[FBIS Translated Text] Cocaine, one of those drugs in the world labeled as "strong," definitely took root in Nicaragua this year according to El Patriarca Foundation, an organization specializing in fighting drug addiction. Foundation official Erven Areas has told EL NUEVO DIARIO cocaine trafficking from Colombia to the United States, not counting domestic distribution networks, continued unabated in 1994.

International drug traffickers continue to use the Atlantic Coast as a "bridge," while the military authorities have failed to take strong action, except for certain isolated operations.

Areas has attributed this apparent apathy, however, to the National Police's almost total lack of resources, because this corps finds itself unable to combat drug trafficking primarily in the major locations, such as Puerto Cabezas and nearby areas Laguna de Perlas and the Cayos zone.

The foundation official has agreed with the year's wrap-up data supplied by the National Police stating the drug seized in 1994 equaled the total seized the previous four years.

"This finding proves our assertion this year was important in terms of the widespread use of cocaine. The police seized a large quantity of drug but could not detect other major shipments that were smuggled into the United States through our country," he has said.

Despite the above, Areas is not totally pessimistic, because he felt El Patriarca Foundation succeeded in getting the National Assembly to approve the Narcotics Law after serving as adviser to it for two years.

He has said the Foundation will continue working in 1995 primarily to combat drug addiction, a task it will combine with other activities social in nature.

"We began developing a project in 1994 to care for the elderly (a nursing home) on the 10.5-kilometer marker of the Masaya highway. We signed an agreement with the Inssbi [Nicaraguan Institute of Social Security and Welfare] to care for some 50 minors with various problems. We donated \$500,000 in June to the people hurt by the drought in the country's northwestern zone," he has said.

Areas has said the Foundation gave more than 300 lectures in the area of prevention targeted at students of different school levels, another 200 lectures to various communities, broadcast more than 200 radio and 30 television programs, and published more than 100 articles in the printed media.

El Patriarca Foundation admitted in 1994 330 [figure as published] people into its rehabilitation programs, 168 of whom were men, 56 were women, and 102 were less than 16 years old.

He has confirmed the most widely used drug was cocaine and its most dangerous variant form, crack, followed by, in order of consumption, alcohol and marijuana.

Panama

Envoy on Talks With U.S. on Cuban Rrafters

PA0201150695 Panama City LA PRENSA in Spanish 2 Jan 95 p A-1

[Report by Vilma E. Figueroa B.]

[FBIS Translated Text] Ricardo Alberto Arias, the Panamanian ambassador to the United States, has said the U.S. State Department has informed him negotiations are under way with Central American and Caribbean countries to find a refuge for the Cubans in camps located along the banks of the Panama Canal.

An agreement signed between the governments of Panama and the United States allowed the arrival into Panamanian territory of approximately 8,000 rafters who must leave the country by 3 March.

Without stating which countries could give haven to the rafters, the ambassador has said talks are being held with neighboring countries so they might receive an unspecified number of rafters in their territories.

Arias has expressed confidence the Cubans will leave Panama on 3 March as established in the original agreement with the United States. "The United States has been notified it must find a way to keep its agreement," Arias has said.

Regarding the possibility Panama will allow some Cubans to remain in Panama, Arias has said rafters who have relatives in Panama may request, within the normal procedures, visas that will allow them to remain in Panama.

Moreover, the ambassador has said the two most important issues to be discussed with the United States in 1995 will be the return of the Panama Canal, which will be made effective on 31 December 1999, and the periodic reversion of property occupied by U.S. military bases.

Arias has said Panama hopes to conclude negotiations for entry into GATT with either the United States, the European Union, or other countries belonging to this economic agreement. This process is hoped to be concluded in mid-1995.

Papa Egoro Not To Join Opposition Board

PA3012194194 Panama City LA ESTRELLA DE PANAMA in Spanish 29 Dec 94 p A2

[Report by Cristobal A. Chen]

[FBIS Translated Text] Yesterday, Fernando Manfredo, vice president of the Papa Egoro Movement (MPE) headed by Ruben Blades, stressed that his political party will "not join" the National Democratic Coordinating Board (CDN) designed to unite the opposition parties. Manfredo informed LA ESTRELLA DE PANAMA that the MPE "is not an opposition movement, but a movement of proposals."

He added, "We believe it is unnecessary to form an alliance to oppose the national government, but to oppose those decisions that are contrary to the country's interests." According to the MPE vice president his party "will stand beside the CDN in terms of issues on which we can all agree."

The CDN comprises high-ranking members of Molirena [Nationalist Liberal Republican Movement], the Christian Democratic Party (PDC), Arnulfist Party (PA), Civic Renewal Party, Liberal Authentic Party (PLA), National Liberal Party (PLN), and Morena [National Republican Movement], who have already met on two occasions at a local hotel.

Meanwhile, opposition legislator Alberto Cigarruista disclosed that several MPE assembly representatives have "expressed interest in being invited" to CDN meetings.

"We intend to invite the MPE legislators to join this opposition coordinating board," Cigarruista stated. He also said issues such as the national budget, the INTEL

[National Telecommunications Institute] privatization program, and others are being discussed at CDN meetings.

PLA leader and former Agriculture Development Minister Cesar Pereira Burgos said the CDN "must not be manipulated" to name presidential candidates for the 1999 elections. According to Perreira Burgos, the CDN must "unite efforts by opposition legislators at the National Assembly." He added that the board must also "ideologically nurture and determine parliamentary strategy."

Legislative Assembly Approves Budget Bill

PA0101002595 Panama City LA PRENSA in Spanish 31 Dec 94 p 1

[Report by Jose Otero]

[FBIS Translated Text] Following three days of lengthy discussions, yesterday the plenum of the Legislative Assembly approved in its third debate Bill No. 14, which establishes the general budget for fiscal 1995. The 1995 budget totals \$4.0484 billion.

Planning and Economic Policy Minister Guillermo Chapman said that the bill would be a good working tool for implementing the plans proposed by the new administration.

Arnulfist Party Legislator Lucas Zarak announced that the Assembly's opposition bloc will remain on the alert to ensure that the allocations assigned in this budget are not diverted for other unspecified purposes.

The plenum supported the budget with 42 yeas and 28 nays. Aris De Icaza, of the Civic Renewal Party, was the only opposition legislator voting for the budget bill.

The 1995 budget includes \$1.1476 billion for investments and \$2.9008 billion for operating costs.

The breakdown of global allocations stipulates \$1.7036 billion for social services, which constitutes 42 percent of the budget, and another \$663.2 million for infrastructure costs (16.4 percent).

Allocations of \$484.4 million were assigned for production development (12 percent), \$341.3 million for general services (8.4 percent), and \$855.9 million for servicing the public debt (21.1 percent).

Public sector expenditures include allocations amounting to \$1.8646 billion for the central government, \$1.0537 billion for decentralized institutions, and 1.045 billion for public companies.

Chapman said all pertinent procedures needed so that the executive may ratify the bill in the first days of January have been followed.

Chapman confirmed that the allocation for \$1.224 million assigned for personal services (salary increases for

ministers) would be assigned to finance a scholarship program in Colon.

Chapman described as beneficial the remark by opposition blocs that they would remain on the alert over the budget's implementation.

"It is a positive sign that they assume such a stand because they will thus ensure that things are done clearly and seriously," Chapman stressed.

Chapman added that the approved budget does not include the sale of state-owned factories, companies, or assets, which prevents decapitalization to finance public spending. He described the budget as "balanced" in all aspects.

"There is nothing obscure or secret in this budget; to say the opposite would be tantamount to trying to tarnish responsible and serious work," Chapman emphasized.

He termed "unfair" the actions of several opposition legislators who tried to "manipulate" the actual figures of the bill, pointing out that what they tried to do was "compare things that were different in nature and unrelated."

Alberto Cigarruista, of the Authentic Liberal Party, noted that the budget as approved does not meet the requirements necessary to satisfy social needs and emphasized that the budget bill is "in accord with the interests of the IFI's" (international financial institutions).

Argentina

Menem Selects Carlos Ruckauf as Running Mate
PY0201225095 Buenos Aires TELAM in Spanish 2106 GMT 2 Jan 95

[FBIS Translated Text] Buenos Aires, 2 Jan (TELAM)—President Carlos Menem announced this afternoon that Interior Minister Carlos Ruckauf will be his running mate on the ticket representing the Justicialist Party in the 14 May elections.

Menem held a news conference at Government Palace, where he stressed Ruckauf's merits and his many years of work representing the Justicialist Party.

"I told my friend, Buenos Aires Governor (Eduardo) Duhalde, that the ideal thing would have been if he accompanied me again in this campaign, but he chose to seek reelection in his province," Menem said.

The president then said that his running mate would be "a thoroughbred Peronist [Justicialist Party]," adding that he was talking about a person who "was already a minister during the third Peronist administration and who later served as legislator and ambassador."

"He is Carlos Ruckauf," Menem told a conference hall full of public servants, legislators, and Justicialist Party leaders, who broke into applause upon hearing the announcement.

Menem revealed that the only person who knew about his decision was his daughter, Zulema Maria Eva, stressing that "she kept the secret very well." The president then apologized "for the delay" in announcing who his running mate would be.

The announcement on the Carlos Ruckauf vice presidential candidacy put an end to speculation regarding Menem's running mate, first for the party primaries on 5 March and then for the May national elections.

"I want to close this meeting by expressing the hope that all your wishes will be fulfilled, and I am not only talking about the wishes of those present, but the wishes of the entire Argentine people. We will continue working on the methods to improve things even more," Menem concluded.

Menem Returns From Brazilian Inauguration
PY0201182295 Buenos Aires TELAM in Spanish 1747 GMT 2 Jan 95

[FBIS Translated Text] Buenos Aires, 2 Jan (TELAM)—President Carlos Menem arrived at the Jorge Newbery metropolitan airport from Brasilia at 1445 today. In Brasilia he attended Brazilian President Fernando Henrique Cardoso's inauguration ceremony.

The president was accompanied by Foreign Minister Guido Di Tella; Lieutenant General Mario Candido

Diaz, the joint chief of staff; and other members of the delegation that joined him on his visit to Brazil.

Editorial Views Results of Summit

95SM0097A Buenos Aires CLARIN in Spanish 14 Dec 94 p 16

[Editorial: "Results of the Summit"]

[FBIS Translated Text] The agenda and course of the presidential summit in Miami reflect the profound changes that have taken place in recent decades in the countries of Latin America and on the world scene.

First, the authorities who attended the meeting were unquestionably representative of their citizens inasmuch as they were chosen at the ballot box.

Moreover, the countries gathered there have to varying degrees and with varying methods pursued policies to liberalize trade and cut back government activities and regulations, thus attenuating long-standing sources of conflict with the models defended by the United States.

Concurrently, the collapse of antagonistic blocs has done away with the strategic role that our region played on the Western political chessboard and in the disputes that arose on it. As a result, the talks could readily focus on economic issues.

The United States, for its part, turned up for the first time as part of an economic bloc, NAFTA, which plans to expand its geographic scope.

Given all of these facts, the agenda of the Miami Summit gave priority to the plans for expanding integration accords.

The summit concluded, in fact, with a decision to begin negotiations, which are supposed to end in 2005, aimed at forming a continental free trade zone.

It was also learned during the meeting that the NAFTA countries had decided to start negotiations to bring Chile into the agreement.

Taking the questionable view that trade liberalization alone brings economic benefits, Argentina proposed a quicker pace for negotiations, while other countries, among them the United States, Mexico, and Brazil, took more cautious and measured stands, advocating a more gradual process.

Our country also advocated a commitment to abolish subsidy policies throughout the Americas; this was aimed at the subsidies applied by the United States, which opposed the proposal.

The refusal to abolish subsidies shows that integration proposals aside, some countries are still pursuing active and defensive policies and are unwilling to harm the interests of their producers.

It also shows what scant effect our foreign policy of ongoing concessions seems to be having. The Miami Summit also approved other initiatives such as the battle against corruption and drug trafficking and related crimes. These mounting problems warrant the attention of our chief executives, and effective steps should be taken to tackle them. Further, the summit included a declaration to strengthen democracy, which was drafted as an alternative to Argentina's unsuccessful proposal to issue a condemnation of the Cuban Government. In short, the Miami Summit was a significant meeting in the evolution of political and economic relations among the countries of the Americas; its results will be seen more clearly in the future, as the proposals offered take the form of specific measures and policies.

FG Adviser Arnaldo Bocco on Economic Policy

95SM0091A Buenos Aires CLARIN in Spanish 6 Dec 94
p 17

[Article by Arnaldo Bocco, economic adviser to Carlos Alvarez: "We Are Not Growing"; first paragraph is CLARIN introduction]

[FBIS Translated Text] Some weeks ago in this same section we published a commentary by Alejandro Mayoral, the undersecretary of economic policy in the Economy Ministry. He asserted that even with the trade deficit that was coming to light, Argentina was growing. Responding to him now is the economic adviser of Deputy "Chacho" Alvarez from the Broad Front. In this commentary Bocco says that he does not think Argentina is copying the growth model of the Southeast Asian countries, because they run sustained trade surpluses, subordinate financial speculation to capital accumulation and productive investment, and have built solid States. In his judgment, such strategies are not to be seen in Argentina today.

In his now classic novel "1984" George Orwell asserted that "Oceanic society rests ultimately on the belief that Big Brother is omnipotent and that the Party is infallible. But since in reality Big Brother is not omnipotent and the Party is not infallible, there is a need for an unwearying, moment-to-moment flexibility in the treatment of facts. The key-word here is *black-white*. Like so many Newspeak words, this word has two mutually contradictory meanings. Applied to an opponent, it means the habit of imprudently claiming that black is white, in contradiction of plain facts. Applied to a Party member, it means a loyal willingness to say that black is white when Party discipline demands this. But it also means the ability to *believe* that black is white, and more, to *know* that black is white, and to forget that one has ever believed the contrary. This demands a continuous alteration of the past, made possible by the system of thought which really embraces all the rest, and which is known in Newspeak as *doublethink*."

Such seem to be the actions and intentions of Alejandro Mayoral, who asserted in this same section that we are

growing amid this trade deficit. He feels that the deficit, rather than being a problem, is the other side of a lasting solution. As Thierry de Montbrial of France's Institute of Strategic Studies said, "when events get out of hand, we should pretend at least that we organized them."

Mistakes

Here is the first mistake. Lasting is a synonym for sustainable in the long run. Neither economic theory nor the historical experience of the countries that he cites as models (those of Southeast Asia) corroborates his assertion. In the first place, from a theoretical perspective no developing economy can withstand an ongoing, long-term drain of resources (this is what a continuous trade deficit means). It can only run one in the short and medium term if there is an inflow of external funds (capital from overseas) or if international reserves are used up.

Second, the historical experience of the Southeast Asian countries shows that in the long run these economies have posted sustained trade surpluses and when they ran trade deficits in the short run, they were financed for geopolitical reasons by the United States.

A stable macroeconomic environment unquestionably favors economic growth. This has been the case in Argentina over the past few years, and it has also been the case in the countries of Southeast Asia. Therefore, macroeconomic stability must be salvaged as a fundamental precondition for development, especially because of the social cost that Argentina's most deprived sectors have had to pay to achieve it. Nevertheless, stability is not enough. Mayoral himself provides the key to solving this problem when he underscores the importance of integrating capital and technology quickly.

Simple Purchases

Integrating technology is not the same as buying it. Merely acquiring new technology does not suffice to induce sustainable growth. This technology must be spread throughout the economic system; it must be adapted to local conditions, and finally a country must develop its own technologies. Until now, Argentina has merely been buying new technology, and not even state-of-the-art technology. To make matters worse, it is concentrated in a handful of companies, which are also the ones that produce for the domestic market in general and for the delivery of privatized services in particular.

In today's world, a turnkey contract is not enough, as many in Argentina think it is. Technology must be integrated to guarantee economic growth and an advantageous place in world trade in the long term. The experience of the Southeast Asian countries is conclusive. These countries did not merely place their faith in a stable macroeconomic context. They also spurred active policies to support research and development, to train human resources, to reduce inequality in income distribution, to develop independence in defining their

international relations, to subordinate financial activity to production, and to build powerful States.

All of these tasks remain undone in our country. Whereas spending on research and development in Argentina accounts for 0.27 percent of the GDP, the average in the Southeast Asian countries is 2.1 percent, in other words, almost 10 times higher. In 1988 Argentina had 352 scientists for every one million inhabitants. The figure for Japan was 5,029 and for Korea 1,325. While Argentina's public spending on education in 1994 amounted to 3.5 percent [of the GDP] (which violates the Federal Education Law, despite what is commonly claimed), the countries that Mayoral cited (we have excluded Taiwan because the information is not available) had an average figure of 4.26 percent in 1989. Fairness is not to be found either in our country. Whereas the ratio of the income of the richest 20 percent of Argentines to that of the poorest 20 percent is 11.22 to 1, the ratio is 8.5 to 1 in the countries, taken together, that Mayoral cited.

Likewise, from the standpoint of sustainable economic growth and the development of comparative advantages in world trade, the countries of Southeast Asia could not have achieved anything without subordinating financial speculation to capital accumulation and productive investment and without building solid States. In contrast, market dogmatism is making greater and greater headway in the Argentina of the 1990's, and its perverse effects are being made obvious to us at this point not by the poor and defenseless of the Third World but by the wealthy citizens of the developed world. Thus, in contrast to the experience of the countries that have succeeded, our country is placing more and more faith in the unfettered workings of supply and demand on the world market (ignoring the war between economic blocs today), in the limitless inflow of foreign capital (with world interest rates that are increasingly attractive to seasoned Argentine financial speculators), and in the existence of a State that seems more like virtual reality (it seems to exist...but does not) than a fundamental economic player.

Alejandro Mayoral asked: Who would want to export at the cost of the people's hunger by lowering wages? Perhaps an administration that has allowed real average wages in the Argentine economy to decline 23 percent from 1986 to 1993 and that has looked on undaunted as the unemployment rate rose from 6.4 percent in May 1986 to 10.8 percent in May 1994 and the underemployment rate has climbed from 7.2 to 10.2 percent. This is not the lesson to be learned from the countries of Southeast Asia.

[Box, p 17]

What Mayoral Said

- Asian countries like Korea, Singapore, and Thailand have grown while running trade deficits, and others, like Malaysia, Japan, and Taiwan, have grown despite

a nominal revaluation of their currencies vis-a-vis the dollar, precisely because they have promoted investment by means of a stable macroeconomic environment. Moreover, they have achieved this while wages have risen. Argentina, for its part, has the lowest inflation rate in Latin America and the highest rate of growth.

- The opening up of the economy has meant importing not trinkets but capital goods and their parts and accessories.
- Like other countries that saw a similarly rapid integration of capital and technology, Argentina is running a trade deficit.
- The current administration has based its growth policy on a sustained rise in investment and exports.

Analyst Views Political Process, Parties

95SM0092A Buenos Aires CLARIN in Spanish 11 Dec 94 pp 20-21

[Interview with political scientist Liliana de Riz by Jorge Halperin; date and place not given; first paragraph is CLARIN introduction]

[FBIS Translated Text] In the opinion of political scientist Liliana de Riz, "Peronism has a charismatic leadership, but it is not a party in the traditional sense, and sooner or later it will have to deal with its chronic problem of a succession." The Radical Civic Union (UCR) "has been undergoing a tremendous crisis since it was in government. Argentine parties are severely fragmented." In this connection, the political scientist, who some time ago published "The Last Peronist Government, Return and Collapse," thinks that the electoral reform, which establishes the direct election of the president and the possibility of a second round, and the amendments to the constitution can be regarded as a very significant step forward. De Riz, who has a doctorate in political science and is a leading researcher at Conicet [National Council for Scientific and Technological Research] and a full professor at Buenos Aires University, is of the opinion that the parties are going to change greatly: they will clash less and be more cooperative and open to negotiations. And she says that the electorate is already changing because fewer voters automatically back a given party and more are guided by circumstances and by who the candidates are.

[Halperin] Some analysts say that the electoral reform, with the direct election of the president, has sounded the death knell of federalism. What do you think?

[De Riz] That is not so, because a president under a presidential system has to turn a program into law and the program must thus come before the two houses. The Senate is the key chamber. It is the forum that federalism has established to defend regional interests.

[Halperin] Well, experience shows that the president has made use of decrees rather than turn to the two houses.

[De Riz] That is fine. But what guarantee is there that a president elected by the indirect system that has now been abandoned is going to defend the interests of the provinces better? The demise of federalism cannot be prevented through indirect election; it has been caused by the workings of the strongly centralist country that we are. We must ask ourselves: Does the Senate function as a truly federal chamber? I would say, first, that no reform can work miracles. To reform something one must ask oneself, which is worse, what we had or what we are going to have? What do we gain and what do we lose with direct election, with a transparent nomination that does not lend itself to any sort of scheming?

[Halperin] Tell me.

[De Riz] We have a system of proportional representation from 1983 under which the country's most heavily populated centers are underrepresented and the small districts are tremendously overrepresented. To put it briefly, you need 7,000 votes to elect a deputy in La Rioja and 70,000 to elect a deputy in Buenos Aires. That is a huge distortion.

[Halperin] Why was it done that way?

[De Riz] It was a political scheme by the outgoing military regime to counterbalance Peronism's strength in Buenos Aires with Peronism in the interior. This is still in place. So, we have an Electoral College that has twice as many members as Congress. And since under proportional representation the small provinces are already overrepresented, that enabled them to be decisive, under the old system, in an indirect presidential election. Although it never happened in a presidential election, our country is full of dreadful examples.

Olivos Pact

[Halperin] Do you think that the process through which the new constitution was developed was proper?

[De Riz] If you are talking about the much criticized Olivos Pact, I wonder why so many people complained about it but are not discussing the sort of measures that were negotiated and finally led to a consensus constitution, which is a major novelty.

[Halperin] So, you approve of the Olivos Pact?

[De Riz] What do you mean by approve of? Well yes, I approve, because I think that a constitutional process in a country that is so caught up in political debate, like ours is, opens up the possibility of discussing issues that go far beyond the president's goal of reelection.

[Halperin] For example?

[De Riz] The fact that key issues, such as the makeup of the Council of the Judiciary and the way in which judges are nominated, were negotiated, and the discussion about the public prosecutor's office in a country that is conducting a reform of government through privatizations and in which there are no oversight agencies. In

other words, the oversight mechanisms need to be defined from now on. Otherwise, corruption is merely going to be denounced but not punished. And as I said, the direct election of the president is also a major move forward. That is the rule in Latin America. The nomination is more transparent, and the mandate is more legitimate. In contrast, the overrepresentation of unpopulated provinces under a continued system of proportional representation is, as I said, a disaster, especially in a country that has ceased to have a predominant party.

Fickle Voters

[Halperin] Explain to me how Argentina no longer has a predominant party.

[De Riz] Well, a two-party system developed in 1983 and has changed since then. Since as far back as 1987, thanks to fickle voters, there has been a steady fragmentation that reflects the growth of provincial third-party forces. In other words, we started with almost 90 percent of the vote in the hands of the two major parties and we now have just 70 percent. This means that some 30 percent of the electorate votes for someone else. So, under a system of proportional representation and with the fragmentation into third parties, combined with indirect election, which has just been abandoned, we had an explosive mix in some future Electoral College.

[Halperin] Why explosive?

[De Riz] Let's get back to the problem that while the electors' votes are decisive, this country has no rules governing their votes. This allowed what happened in the province of Corrientes, for example, where one elector did not show up and went to another state. Because such behavior is not penalized, that vote becomes decisive. In other words, under the old system a president who did not win could be elected and one who did win might not be. That never happened because one party posted huge majorities. But under a system that is less and less bipolar, everything changes.

[Halperin] But the pact and the reform cannot be seen as a reaction by Justicialism and the Radicals to halt the weakening of the two-party system, can they?

[De Riz] I would not see it that way. Let's go back to the origin of the pact. What could the Radicals do? Not negotiate and risk a plebiscite on reelection? I think that the example of Buenos Aires Province showed the opponents of the pact, like Federico Storani, that it is a huge mistake to have a plebiscite and lose everything, even the chance to negotiate, and on top of that to take part in an event in which people were allowed to choose a governor and a party, not a reform, by plebiscite, and later to have to put up with all the pollsters saying: "Peronism gained 20 points." Which absolutely defies serious prediction.

[Halperin] Don't you think that the scenario over the next few months is at all predictable?

[De Riz] No. A great deal is going to happen between now and the 1995 presidential election. This country is not altogether safe from economic disruptions. Moreover, the way in which people develop their views varies greatly. The only foreseeable development is that the opposition will lack prompt, flexible responses to bold proposals by the ruling party.

[Halperin] You seem to justify the Olivos Pact as expediency on the part of the opposition.

[De Riz] What I am saying is this: instead of viewing the pact as fulfilling the ambition of two gentlemen, who are obviously ambitious, which is why they are politicians, start to think about the negotiating game in terms of what is to be gained and lost. Because in this country negotiations, as in the old days, are seen as a conspiracy to preserve the status quo. In reality, the major reforms of institutions are agreed upon by political parties. What else could be done in Argentina, where the parties are so fragmented?

Fragments

[Halperin] Do you think that all of the parties are that fragmented?

[De Riz] Of course! Peronism has a charismatic leadership and does what the chief says, but it is not a party in the traditional sense. And Radicalism is fragmented by an obvious political crisis after having been in power. In this context, should they reject negotiations and thus miss the chance to discuss key issues in the country, such as the way judges are nominated, the problem of public audits, the potential impasses of direct presidential elections? Moreover, why give up the second round of balloting with its incentives for opposition coalitions?

[Halperin] Couldn't this whole long negotiation between the UCR and the administration be seen as a dictatorship of the two major parties?

[De Riz] I don't think so, once again because the two major parties are spectacularly fragile. I would view the entire process as a negotiation between two political leaderships that became very necessary in light of the institutional crisis brought on by the transition to a new presidential term and with a ruling party that has no succession laws. Because the key issue in this country is Peronism's succession problem, which has also been the key issue in Argentine political history since Peron's death.

Peronism and Succession

[Halperin] Why do you regard it as the key issue?

[De Riz] Because since the people are Peron's heirs, who will succeed him? The institutional struggle for succession has been an ongoing drama. So, the way to put an end to these fierce internal battles that are destroying Peronism is reelection. This is the case regardless of the

political ambitions of its chief or the so-called economic model. Otherwise, a new democracy would be in a very vulnerable situation.

[Halperin] A democracy in which, for example, economic stability continues to be accepted as an argument for voting for someone.

[De Riz] Stability can decide elections only for a certain period of time. Afterwards, though, fundamental decisions, as well as who makes them and at what cost, have to become more transparent. Then, people may really vote a party out. My impression, looking at the entire Latin American scene, if not all Western democracies, is that they are increasingly becoming opinion-based democracies.

[Halperin] Let's get back to the electoral reform. Wouldn't the result of the 1995 elections be the same under the new or the old system?

[De Riz] I think that the second round of balloting definitely offers a major opportunity for change. On the one hand because, as I said, changes are already taking place, such as the emergence of third parties in the provinces and on the right and left in the largest districts. The government has to garner 40 percent of the vote to win. With 45 percent it wins for sure, but if it gets 40 percent, it has to be 10 points ahead of the second-place finisher. This is a large gap if a coalition force comes in second.

[Halperin] The result of the UCR internal battle does not seem to bode well for coalitions.

[De Riz] Not at the outset, but if the government does not win outright, the opposition will have to unite for the second round. This is why I think that the second round is very valuable for the political system: it introduces the need to negotiate. And this will lead to a change in attitude among the political forces and to a more mature system. The constitution that all swore to obey, even an anti-establishment party like MODIN [Movement for Independence and Dignity], which is thereby legitimizing democracy, is moving in this direction. Hence my cautious optimism.

Bolivia

Sanchez de Lozada: MIR Members Innocent Until Proven Guilty

PY3012134194 La Paz Television Nacional Network in Spanish 0100 GMT 30 Dec 94

[Report from Cochabamba by reporter Rina Maiz]

[FBIS Translated Text] President Sanchez de Lozada today held a news conference with members of the Cochabamba media, during which he discussed the national economic situation and the benefits to be obtained from capitalization, popular participation, and the educational reform laws.

The president also discussed the case involving MIR [Movement of the Revolutionary Left] national leader Oscar Eid Franco. He said that Franco is innocent until proven guilty.

[Begin Sanchez de Lozada recording] They are the ones who have to answer for their political actions, not us. They are the ones who paid [drug trafficker] Oso Echevarria's bills. We never sent him flowers. We never met him. I hereby assert that the administration believes that a person is innocent until proven guilty.

We are only asking that the judiciary, which is an independent government branch, undertake an investigation and start the proper legal proceedings. We believe that a person is innocent until proven guilty. This is established in the Constitution. We hold no prejudice, and it is not our intention to harm anyone. The Chamber of Deputies has been investigating this case for 10 months. Finally, without establishing whether they are innocent or guilty, it has been decided that the courts should establish the truth in this case.

For the good of Bolivia, for the good of Bolivian politics, and for the good of the MIR, I personally would be very happy if everyone's innocence is proven. Unfortunately, I have no evidence to prove this. [end recording]

Brazil

Cardoso Delivers Inaugural Address

PY0101232595 Rio de Janeiro TVE Television in Portuguese 1844 GMT 1 Jan 95

[Inaugural address by President Fernando Henrique Cardoso upon taking the oath of office before a joint session of Congress in Brasilia—live]

[FBIS Translated Text] Mr. President of the Brazilian Congress, the Vice President of the Republic, foreign heads of state and government, the President of the Chamber of Deputies, the President of the Federal Supreme Court, heads of special foreign delegations, members of the Congressional Executive Board, senators, deputies, leading government officials, ladies and gentlemen:

I am coming here to join my hopes to those of all of you on this day of reconciliation. Rather than as the president, let me speak here as a citizen to whom—like so many other Brazilians—hope has become an obsession.

I belong to a generation that grew up cherishing the dream of building a Brazil that would be both democratic and developed, free and just.

The flame keeping this dream alive goes far back in our history. It comes from the heroes of our independence, from abolitionists, and from the revolutionary lieutenants of the old Republic. I saw that flame in the eyes of my father, Leonidas Cardoso, who was one of the generals of the campaign staged here for our oil. That same

flame also shone in the eyes of my grandfather, an abolitionist and Republican, at the end of the empire.

For those students who, like me, undertook these struggles with great enthusiasm, petroleum and industrialization were the ticket for us to enter the postwar modern world. These two areas guaranteed a place for Brazil on the bandwagon of technological progress, which was picking up speed, threatening to force us to bite the dust.

At a certain point during the administration of Juscelino Kubitschek, the future appeared to be close at hand. There was development then. Brazil was rapidly becoming industrialized. Despite some ups and downs, our democracy was working and there were prospects for social improvement.

Yet, history takes confusing turns. The golden years of Juscelino Kubitschek were followed by inflation and rising political tensions. Gloomy years then ensued that brought back growth, but to the detriment of freedom. There was progress, but only for a few. Later, we did not even have that, except for a legacy which would indeed affect everyone: A foreign debt that shackled our economy and an inflation rate that aggravated social problems in the 1980's.

Thus, I saw my children grow and my grandchildren born still dreaming and struggling to reach the day when development, freedom, and justice—or justice, freedom, and development—would go hand in hand on earth.

I have never doubted that that day would come. Yet, I have never thought that when it came I would be holding the office to which I was sworn in today, chosen by the majority of my fellow countrymen to lead the move toward making the Brazil of our dreams come true.

Without arrogance, but imbued with an absolute conviction, I want to state here that this country is going to be successful, not because of me, but because of all of us; not only because of our dreams, of our immense desire to see Brazil reaching success, but because the time is right and Brazil has every chance of achieving success.

We have regained that which ought to be the most precious asset for any people: freedom. We have done it peacefully, with tranquillity, despite the grudges and wounds that remain as a symbol for not allowing a repetition of similar violent situations.

Despite all that, we have turned the page of authoritarianism, which, under different names and guises, had distorted our Republic since its foundation. To our young people of today, who painted their faces and took to the streets to demand that their representatives be decent, as well as to people of my generation who learned the value of freedom after losing it, democracy has become an irreversible gain.

Nothing and no one will be able to make us give up democracy. We have recovered confidence in development. But now it is no longer just a matter of hope. It is

no longer a passing euphoria that permeated the two good years we have just experienced. This year will be better, and the following one better still.

Nowadays, no serious expert can contemplate anything for Brazil but a long period of growth. International conditions are favorable, and the burden of the foreign debt no longer asphyxiates us. Domestically, our economy is reacting like a healthy plant after a long drought spell. The roots of this plant—the people and companies that produce wealth and have resisted the hardships of stagnation and inflation—have survived and become stronger after these times of trial. Our entrepreneurs knew how to innovate, how to reconstruct their factories and offices, how to overcome difficulties. The Brazilian workers have known how to face the hardships of arbitrary actions and practices and of recession, as well as the challenges of the new technologies. They have reorganized their labor unions so as to be able to claim their rights and their share of economic growth, as they currently are doing.

It is now the time to grow and bloom. More important than that: We now know what the government must do in order to maintain economic growth, and we will do it. As a matter of fact, we are already doing that. When many doubted whether we would be able to organize our own administrative apparatus, we began to do it. We began organizing it during these last two years. Without giving up a single inch of our freedom, without breaking already signed contracts, or disrespecting rights, we eliminated hyperinflation. We owe this not only to those who redirected the course of our economy, but also to President Itamar Franco, who knew how to earn the respect of the Brazilian people for his simplicity and honesty. At the moment of leaving power, surrounded by an admiration he knew how to earn, I thank President Franco on behalf of the entire nation, for the opportunities he offered us. [applause]

By choosing me to replace President Franco, the absolute majority of Brazilians made a clear option for the continuity of the Real Plan and for structural reforms that are indispensable to definitively defeat the ghost of inflation. I will devote myself, with all my energy, to this task. As president, and with the support of Congress, the state governments, and all the living forces of this nation, I will devote myself to this task. We have recovered freedom and are achieving development. What we must achieve now is social justice. This is Brazil's biggest challenge at the end of this century, and it will be my administration's number one objective.

Joaquim Nabuco [famous statesman during imperial days], the great promoter of abolitionism, considered himself and his companions holders of a mandate of the black race. This mandate had not been asked of them by the slaves because slaves had no way to demand their rights. The abolitionists, nonetheless, held themselves responsible for this mandate because they felt in their hearts an absolute rejection of slavery. They also

believed that the chains of slavery held the entire country in the grip of economic, social, and political backwardness.

We also feel horrified at the sufferings of our fellow countrymen, or any other human being, even if they are not Brazilians. We cannot bear to see near us human beings suffering hunger, illnesses, ignorance, and violence. This can no longer endure.

Just like abolitionism, the movement for reforms I represent is not intended against anyone. It does not seek to divide the nation, but rather wants to unite the country within the overall prospect of a better future for all.

Yet, unlike Nabuco, I always keep in mind that my mandate comes from the votes cast freely by my fellow countrymen, by most of them, irrespective of their social standing. My votes also came, to a large degree, from the have-nots, from the poorest Brazilians who were helplessly shouldering the brunt of inflation; from those people who are humiliated in hospital and social security lines; and from those who earn so little, taking into account how much they give to the nation in factories, farms, stores, offices, hospitals, and schools, on the streets, or at construction work sites. My votes came from those who are clamoring for justice because they are both convinced and determined to fight for their rights. To a large degree, it is to them that I owe my electoral victory.

I am going to rule keeping in mind the interests of everyone, but if I have to end the privileges of a few to bring justice to the immense majority of Brazilians, let no one doubt that I will be taking the side of the majority. [applause] I will do that with calm—in keeping with my style—but with resolve, always seeking channels of dialogue and persuasion, but without shunning my responsibility to make decisions, and aware that although most Brazilians do not expect miracles, they will demand that my administration obtain results every day of its tenure.

This will happen because Brazilians have regained their faith in our country and are in a hurry to see it steadily improving.

We also view with satisfaction other countries' growing interest in Brazil. Our efforts to consolidate democracy, to adjust the economy, and to address social problems have been followed with very positive expectations abroad.

Everyone can see today why our transition was slower—and at times more difficult—than that of other countries; that is, because our transition was more comprehensive and far-reaching. We simultaneously restored democratic freedoms and started economic reforms. For this very reason, we built more solid bases to move on. We count on the support of the people to make changes. They know what they want and which way we should go.

Rapidly, keeping up with the fast pace of communications and of the Brazilian economic opening, we are leaving behind xenophobic attitudes that were the effects, rather than cause, of our relatively closed position in the past. None of this entails surrendering any fraction of our sovereignty or overlooking ways to guarantee it.

As commander in chief of the Brazilian Armed Forces, I will be alert to meeting their needs for modernization so that they may achieve operational levels that would be consistent with the Brazilian strategic stature and international commitments. In this respect, I will assign new duties—in addition to current tasks—to the Armed Forces General Staff, and I will order that proposals be submitted on the basis of studies held jointly with the Navy, the Army, and the Air Force to pave the way for a gradual adjustment of our defense forces to our future needs.

In the post-Cold War era, the importance of countries like Brazil does not depend solely on strategic military factors, but primarily on domestic political stability; overall level of well-being; major economic signs—the ability to grow and to generate jobs, the technological base, and participation in international trade—and clear, objective, and feasible diplomatic proposals. Thus, the implementation of a consistent national development proposal should make us increasingly stronger on the international front. The time is right for Brazil to seek more active participation in this context.

We have permanent identity and values, and they will continue being expressed in our foreign policy. Continuity means trustworthiness in the international field. Sudden changes, disconnected from a long-term vision, may satisfy temporary interests, but do not build the profile of a responsible nation.

We should not, however, fear innovating when our interests and our values call for innovation. In a period of radical transformations, which is marked by the redefinition of rules for political and economic coexistence among countries, we cannot, merely for nostalgic reasons, turn our back on the course of history. We must be aware of historic events in order to influence the establishment of a new order. It is, therefore, time to update our discourse and our actions abroad without overlooking the changes that have been occurring in the international community and the new internal consensus over our objectives. It is now the time to openly debate what profile Brazil, as a sovereign nation, must have in this changing world. We must involve in this debate the Foreign Ministry, the Congress, the universities, the labor unions, the enterprises, and the non-governmental organizations.

We will put aside the old ideological dilemmas and the old sources of confrontation. We will face issues that currently lead to cooperation or conflicts among countries: Human rights and democracy, the environment and sustainable development, the broad tasks resulting

from multilateralism, and the challenges of regionalization, and a more dynamic international trade, as well as the elimination of all forms of protectionism and unilateralism. Other important topics are access to technology, efforts in favor of nonproliferation of nuclear weapons, and the fight against all sorts of international crimes.

We will value to its maximum the international conditions for the Brazilian political and economic presence. These conditions allow us to intensify our participation in regional integration schemes, which begins with the Mercosur [Common Market of the South], and leads to a dynamic exploitation of a unified Europe, of the NAFTA, and of the Asia-Pacific region. We must also identify areas with new potential for our international relations, such as post-apartheid South Africa. We cannot overlook our traditional relations with the African continent and with countries such as the PRC, Russia, and India because, in their effort to achieve economic and social development, they face problems similar to ours in view of their continental dimensions.

I believe that, in the next century, Brazil will have a position set aside for it among the successful countries of the earth. I am convinced that the only important obstacles we will have to overcome to occupy this position are represented by our internal imbalances, by the extreme differences reigning among several of our regions and our social groups. We know that currently the development of a country is now measured by the amount of things it produces. The veritable degree of development of a country is measured by the quality of attention that a country gives to its own people and its own culture.

In a world in which communications is global and instantaneous and groups become fragmented and very specialized, cultural identity becomes the foundation of the nations. We Brazilians are a people with great cultural homogeneity. Our regionalisms constitute variations of our basic culture and are the result of a merging of the Portuguese Occidental tradition and the tradition of the African and indigenous peoples. Our intellectuals, our artists, and our cultural figures are a genuine expression of our people. I want to give them prestige, as well as conditions to become constructors of the citizens' consciences. Citizenship is not only a right of all individuals, but also the pride of being part of a country that has its own values and style.

The priorities I proposed to the voters, priorities which most of them approved, have direct repercussions in the quality of life of the people: employment, health, security, education, and production of foodstuffs. New jobs will be a result of resumption of growth, but this will not occur automatically. The government will be committed to the implementation of specific actions and programs to make growth resumption feasible.

The government will fully meet this challenge that pertains to all of Brazil, not just one or more regions. This is

a challenge for the whole country, not only of the derelict. The challenge is to reduce inequality until it is ended altogether.

Access to public hospitals, respect while being attended, elimination of unnecessary waiting lines, combat against waste and fraud, and an appropriate budget are essential elements for a good health administration. Health, however, must be faced—as it will be faced during my administration—mainly to prevent, and not just to cure, illnesses. A modern vision of health includes basic sanitation services, massive vaccinations, appropriate nourishment, and sports for everyone.

Schools must again become the center of the education process. I do not mean teachers only. It is essential to improve the salaries of teachers, especially of primary school teachers, but it must be much more than that. Schools must be a place of coexistence where the action of parents, social solidarity, the participation of parents and students, and a good administration come together to form good citizens.

In order to make the leap required to enter the new century, we can no longer coexist with mass illiteracy and semi-illiteracy. It is an illusion to think that the mere consumption of electronic gadgets will make us, quote, modern, unquote at the same time that our children continue going through school without absorbing the minimum essential knowledge necessary to keep pace with modernity.

No more building enormous schools and then filling them with poorly prepared and paid teachers and unmotivated students, without material or psychological conditions to learn productively.

In order to fully comply with our commitment to eliminate misery, we must also eliminate spiritual misery. Modern media must help us in this task. Hand in hand with information and entertainment, let us engage our television channels in a real national crusade to rescue the citizenry through education, beginning with an intense literacy and cultural campaign.

My mission, as of today, is to turn these priorities of the people into the priorities of the government. This will demand a broad reorganization of the government apparatus. The federal administration is very deteriorated after several years of financial mismanagement and mistakes. Attendance to corporate and parochial interests as well as corruption soak up the contributors' money before it reaches those who legitimately must benefit from the government's actions, mainly in the social field.

The congressional investigative committees and the energetic measures adopted by the Itamar Franco administration began cleaning up the government apparatus during the past two years. We will have to remove some hornets' nests to finish the cleaning up and to carry out the necessary structural reforms to make public services efficient.

This does not scare me. I know I will have the support of most of the people, including the many public employees who feel great love for public service. To tell the truth, the most important support is not that from the government or the president. The most important support is that we must give each other as Brazilians for the country.

This true revolution of mentality and of society will only take place with the people's participation. The government plays an essential role, and I will ensure that it complies with its part. But if Congress does not reform the Constitution or the laws—some of which I mentioned during my farewell speech to the Senate—and if the people do not mobilize, the good intentions will die in the speeches.

We must find new forms to allow society to participate in the process of changes. A great part of this awareness, of the citizens' demands, and of this mobilization will depend on the media. Our media was essential for democratization. The media has been essential for the recovery of morality in public life. The media has now been reserved a central role to help mobilize everyone toward a fairer and better society, always maintaining an independent critical position and a passion for veracity in the news.

When Brazilians can become better informed, when they can be more critical of policies rather than of the various ordinary aspects of daily life, when they can put events into better perspective, and when they can demand that coherent actions be taken rather than passing judgment on intentions, they will be better qualified as citizens.

The feeling that is the driving force in making everyone support the country has a name: solidarity. It is solidarity that makes us transcend the small circle of our private interests to help our neighbors, our colleagues, our fellow countrymen—people who can either be close to us or far away. We Brazilians are a people in solidarity. Let us use this feeling as a springboard for conducting a broad-based national drive, uniting government and community, to eradicate poverty and misery from Brazilian territory. [applause]

Let us guarantee a decent life to our children, by keeping them off the streets, and especially by putting an end to the shameful massacre of children and youths. Let us strongly guarantee equal rights to those who are equal: to women, who account for the majority of Brazilians, to whom the nation owes respect as well as educational and job opportunities; to racial minorities, and to some quasi-majorities, especially blacks, who expect equality to be more than a word, but a tangible reality; and to indigenous groups, some of them living examples of human archaeology and anthropology and all of them testifying to our ethnic diversity. Let us make solidarity the core of our role as citizen in the quest for equality.

Our hope to see a free, prosperous, and just Brazil should beat increasingly stronger in the heart of each Brazilian.

Upon closing this speech, I would like say a few words of gratitude. I want to extend gratitude to the Brazilian people, who, with generosity and determination, elected me during the first electoral round; to the many who have accompanied me in my political struggles, many of whom are here today, and with whom I have for so long fought for common ideals; to my family members, who were able to understand the challenge posed to me by history; to Congress, of which I was a member until today and which, in this ceremony today, and based on the proclamation of the Electoral Court, installed me as president of the Republic; to the foreign heads of state and government and foreign delegations of friendly countries who came to honor this ceremony; to our guests; and to all Brazilian men and women, whom I once again ask to have much faith, much hope, much trust, and much love, and to engage in much work. I call upon you to change Brazil. Thank you. [applause]

Castro Not To Attend Cardoso Inauguration

PY0101230795 Madrid EFE in Spanish 1557 GMT 31 Dec 94

[FBIS Translated Text] Brasilia, 31 Dec (EFE)—A Brazilian source has reported that Cuban President Fidel Castro will not attend the inauguration of the Brazilian President Fernando Henrique Cardoso because the date coincides with the commemorations of the 36th anniversary of the triumph of the Cuban revolution.

Other government sources consulted by EFE believe that an official message issued by Havana cannot be considered as a "definite no," a definite indication that Castro would not attend Cardoso's inauguration.

Brazilian Ambassador to Havana Jose Nogueira Filho yesterday received an official message from the Cuban Government confirming Castro's decision to remain in Cuba.

Sources from Itamaraty Palace, the Brazilian Foreign Ministry, and from the Cuban Embassy in Brasilia reported on 30 December that Castro would attend Cardoso's inauguration and that, 24 hours later, he would meet with him to discuss the feasibility of signing several economic agreements.

An Itamaraty official who did not want to be identified and who is quoted by the Brasilia newspaper CORREIO BRASILIENSE admitted his surprise, and said that "everything indicated that Castro would come, so the appropriate security measures were ready."

The sources pointed out the importance Cuba attaches to reaching trade agreements with Brazil; none have been signed thus far.

According to Cuban Ambassador to Brazil Ramon Sanchez-Parodi, Fidel Castro was going to tell Brazilian businessmen that Cuba could be "a good deal."

Brazil and Cuba maintain cooperation agreements relating to health and trade that, in 1994, amounted to \$90 million.

Paper Discloses Plot To Kill Paraguay's Wasmosy

PA0101035895 Madrid EFE in Spanish 1319 GMT 31 Dec 94

[FBIS Translated Text] Brasilia, 31 Dec (EFE)—Brazilian authorities have been alerted to a possible terrorist attempt against Paraguayan President Juan Carlos Wasmosy this weekend in Brasilia, the newspaper CORREIO BRASILIENSE of this capital disclosed today. The conspiracy, the newspaper adds, would be perpetrated during the inauguration of new Brazilian President Fernando Henrique Cardoso this Sunday.

According to the report, on which the Brazilian Federal Police have not commented, "10 Arabs" have been living secretly in Leste City, on Paraguay's border with Brazil.

Internal resistance by a military sector is reportedly behind the alleged terrorist plan against Wasmosy, CORREIO BRASILIENSE also states, citing the views of Brazilian security corps.

Anonymous sources in the police consulted by this capital's newspaper say that Wasmosy faces "very strong" internal resistance and "runs the risk of being overthrown." Paraguay's political instability stems from a military [word indistinct], the source added. "Recently a general, the commander of one of the most important posts in the Paraguayan Army, publicly criticized Wasmosy and was not reprimanded," the source explained.

The discovery of the conspiracy against Wasmosy, the newspaper stresses, has generated alarm in the government of outgoing Brazilian President Itamar Franco over the political stability of the neighboring country and the future of commercial relations in the region.

Interpol alerted Brazilian authorities to a possible attempt planned by "10 Arabs" who have been operating clandestinely on the border with Paraguay since November. The police organization, which did not identify the affiliation or citizenship of the alleged terrorists, noted that the attempt will be carried out during President Fernando Henrique Cardoso's inauguration, which will be attended by presidents and diplomatic representatives from more than 100 countries.

The newspaper discloses that a "secret" Interpol report mentions the discovery of "serious evidence that terrorist attacks" are going to occur in Brazil. This prompted a reorganization of the security measures.

Originally more than 5,000 Army troops, the Air Force, Navy, Police, and Fire Department had been assigned to guard the inaugural ceremonies. According to Itamaraty Palace, the Brazilian Foreign Ministry's office, approximately 80,000 people will attend these ceremonies.

According to the report, Interpol, which is headquartered in Lyons (France), sent a classified document to the Brazilian Federal Police under the code name "XJX" which means "high risk situation."

Simultaneously, the Paraguayan Government, which apparently already had reports about a possible terrorist act against Wasmosy, asked the Brazilian justice minister to increase security on the border shared by the two countries "to prevent the entry of an Arab commando group into Brazilian territory."

This situation, "CORREIO BRASILIENSE" stresses, has created fear among Paraguay's neighbors which make up the Common Market of the South (Argentina, Brazil, and Uruguay) whose free trade area and partial customs union will go into effect tomorrow.

[Paris AFP in Spanish at 1319 GMT on 31 December, in a 220-word item datelined Brasilia, adds: "According to CORREIO BRASILIENSE, Brazilian intelligence has concluded that the alert posed no danger to Cardoso but did to Wasmosy, who is reportedly facing difficulties with the military in his country. This suspicion is based on a Paraguayan request to close the common border to prevent the entry of an alleged Arab commando group and the security measures adopted for previous Wasmosy visits."]

Daily Details Rumored Threat

PY0201123095 Asuncion NOTICIAS in Spanish 2 Jan 95
pg 6-7

[Report by special correspondent in Brasilia]

[FBIS Translated Text] Despite the reports available to Brazilian authorities, the reported attempt on Paraguayan President Juan Carlos Wasmosy's life did not occur. Our president traveled to the capital of the neighboring country on 1 January and, before boarding the airplane, joked with the journalists, saying: "I run greater risks here with you." A report began circulating in Brasilia on the evening of 31 December that the Brazilian Federal Police had received an XJX (maximum alert) report from Interpol headquarters in Lyons (France) on possible attempts on the lives of some heads of government invited for the presidential inauguration, including Wasmosy.

Even though the information was very confidentially handled by Brazilian authorities, it was leaked that Paraguayan President Juan Carlos Wasmosy would be among the possible targets.

On 1 January CORREIO BRASILIENSE, Brasilia's leading morning newspaper, dedicated its front page and the whole of page 3 to the issue of the possible attempt, pointing to our country's president as the "main target" and placing him under the category of "high-risk visitor" for the security system devised for foreign delegations. Brasilia's television channels and radio stations broadcast this report during the entire day, and suddenly Wasmosy was occupying a leading position in the newscasts, displacing Fidel Castro and Alberto Fujimori, who had been described as the visitors who presented most complications for the Brazilian intelligence services.

Itamaraty (Brazilian Foreign Ministry) sources contacted by NOTICIAS were very reserved on this issue, but hinted at the fact that top-ranking government officials were actually considering the possibility of reinforcing the Paraguayan president's security, not only in Brasilia, but also in Campo Grande, the capital of Mato Grosso do Sul State, where Wasmosy was scheduled to attend the regional governor's inauguration on the morning of 1 January before traveling to the federal capital.

Presidential protocol chief Ceferino Valdez, who has been in Brasilia since 31 December, confirmed to NOTICIAS that negotiations were under way to increase the number of Brazilian and Paraguayan agents deployed to guard the presidential suite at the Kubitschek Palace Hotel (where Wasmosy will be officially lodged) and the president's movements. The reports disseminated in the federal capital pointed out the "strong" dissatisfaction existing within the Paraguayan Armed Forces as one of the reasons for a possible attempt on Juan Carlos Wasmosy's life.

Mentioning Brazilian intelligence services as a source, CORREIO BRASILIENSE even noted that high-ranking Brazilian sources "are considering the possibility that the civilian Paraguayan president will be overthrown by the military at any moment, in light of the political crisis being experienced by the government."

The morning newspaper added that if a coup d'etat takes place in Paraguay, "the Brazilian Government would immediately close the border and would isolate the de facto regime that might be installed in Asuncion." Brasilia would even ask the other Mercosur [Common Market of the South] governments not to recognize any illegitimate government of this type.

A decision made by mafia groups linked to drug trafficking activities was mentioned by the Brazilian media as another possible reason for the attempt, but this report does not seem to be very solid.

Wasmosy Traveled to Brasilia Yesterday

Despite the alleged threats against his security, Wasmosy traveled to Brasilia at 0700 yesterday. Before boarding his airplane, Wasmosy talked about this report, and said he had not taken any special measures in light of this situation. He said: "I am taking nothing with me. As you can see, I am not carrying any revolvers." Wasmosy told the journalists: "Here is where I am actually running the risks, here with you."

Wasmosy Wears Bulletproof Vest

PY0201124195 Madrid EFE in Spanish 1136 GMT
2 Jan 95

[FBIS Translated Text] Brasilia, 2 Jan (EFE)—The Brazilian daily CORREIO BRASILIENSE reported today that Paraguayan President Juan Carlos Wasmosy wore a bulletproof vest during the inauguration of new Brazilian

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President Fernando Henrique Cardoso, because he feared an attack against him.

According to reports released in Brazil, Interpol had warned of the danger of an attack against Wasmosy in Brasilia, apparently ordered by some Paraguayan military officers.

In the face of the alleged threat Wasmosy received special protection in Brazil, although Brazilian officials also strengthened the security around Colombian President Ernesto Samper and Peruvian President Alberto Fujimori because of the internal problems in those countries.

CORREIO BRASILIENSE revealed this weekend that 10 alleged Arab terrorists hiding in Ciudad del Este, located on the Paraguayan border with Brazil, were reportedly in charge of perpetrating the attack against Wasmosy.

The same source said that internal resistance from a military sector was reportedly the motivation behind the alleged terrorist plot against Wasmosy.

Wasmosy: 'Situation Under Control'

PY0201221195 Sao Paulo AGENCIA ESTADO in Portuguese 1957 GMT 2 Jan 95

[FBIS Translated Text] Brasilia, 2 Jan (AE)—Paraguayan President Juan Carlos Wasmosy today asserted that there is no danger of a coup d'etat in his country. "I have the situation under control," he said. Wasmosy was surrounded today by the largest security scheme ever to be established for a head of state at Planalto Palace. The Paraguayan president is being threatened with a military intervention in his country.

President Fernando Henrique Cardoso today dedicated his day to meetings with heads of the foreign delegations that came to Brazil to attend his installation. During the 16 meetings (11 presidents and five heads of delegations), Cardoso showed off his knowledge of languages. He spoke in Spanish, French, and English. He received individually each foreign president, except for the joint meeting he had with the presidents of the Common Market of the South member countries (Argentina, Paraguay, and Uruguay). The meeting was also attended by the Bolivian and Chilean presidents.

The tranquillity the Paraguayan president tried to show was not echoed by the nervousness of the security guards that accompanied him. Nine of the cars that accompanied Wasmosy were occupied by his personal security agents. Also engaged in ensuring the Paraguayan president's security were three Military Police patrol cars and another car with Federal Police agents, in addition to a helicopter that was assigned by the Brazilian Government to ensure Wasmosy's security.

According to Wasmosy, "the military are respecting the civilian president, who is the Armed Forces commander in chief." He admitted that some generals had been

dissatisfied when they were put on the retirement list. The Paraguayan president added, however, that "the situation is being distorted."

Chilean President Eduardo Frei Ruiz-Tagle confirmed Cardoso's trip to Santiago in March. This trip to Chile also has emotional connotations for the Brazilian president. When he was exiled by the Brazilian military dictatorship, Cardoso lived in Chile for some time.

Bolivian President Gonzalo Sanchez de Lozada optimistically reported that before June, Bolivia and Chile will make formal an accord to join Mercosur. However, Ambassador Gelson Fonseca, Planalto Palace diplomatic adviser, did not confirm any intention by the Mercosur member countries of immediately expanding the number of nations to facilitate free trade among them.

Cardoso Meets Wasmosy

PY0201210595 Rio de Janeiro JORNAL DO BRASIL in Portuguese 2 Jan 94 p 6

[From the "JB Report" column by Teodomiro Braga]

[FBIS Translated Text] On his first day in office, President Fernando Henrique Cardoso set aside some time in his agenda for a special meeting with Paraguayan President Juan Carlos Wasmosy, who is facing coup threats in his country.

By receiving Wasmosy separately, Cardoso wants to show the Paraguayan coupist military that he will not accept rupture of the democratic process in the neighboring country.

The Brazilian Government will react in an unprecedentedly firm manner to the possibility of Wasmosy's ousting: It will freeze diplomatic relations with Paraguay and support the country's suspension from the Mercosur [Common Market of the South] and from the Rio Group.

The meeting was requested by President Wasmosy, who is experiencing tense moments: Military linked to Army Commander General Lino Oviedo are openly plotting Wasmosy's fall.

Plans for the military coup became known last week. The U.S. charge d'affaires and Brazilian Ambassador Costa e Silva immediately rejected its possibility.

One of the reasons for the Paraguayan military officers' dissatisfaction with the Wasmosy administration is the Paraguayan Government's efforts to repress smuggling in view of its admittance into the Mercosur.

On his first day at Planalto Palace, Cardoso will receive the Mercosur heads of state in the morning. His meeting with the Paraguayan president, intended to express opposition to a possible coup, will be at 1400.

Colombia's Samper, Cardoso Discuss Trade, Ties

PA0201041995 Santa Fe de Bogota Inravisión Television Canal A Network in Spanish 0130 GMT 2 Jan 95

[Report by Oscar Galvis in Brasilia, Brazil; from the "AM/PM Newscast"]

[FBIS Translated Text] Coffee, the free trade agreement, and bilateral relations were the topics of discussion between Presidents Fernando Henrique Cardoso of Brazil and Ernesto Samper Pizano of Colombia here in Brasilia.

[Begin Samper recording] We discussed ratifying the coffee producers agreement, which will help us defend the price of coffee that we have been supporting on the international market. We do not have global agreements with consumers, but we might be able to organize the market with producer countries. [end recording]

Colombia has expressed its interest in closely following Mercosur, or the Common Market of the South, which is made up of Brazil, Argentina, Paraguay, and Uruguay. As of today, Mercosur provides for duty-free trade estimated at \$10 billion.

Cardoso and Samper also discussed the Amazon Cooperation Treaty and the Neighbors Commission. The Amazon Cooperation Treaty is a resource through which Colombia may avail itself of environmental riches.

The Colombian Government also expressed its desire to increase exports to Brazil, especially coal and spare parts, which has a market of 150 million inhabitants.

This is the Palace of the Alborada, from where Fernando Henrique Cardoso, who has become this country's symbol of democracy, will work starting tomorrow.

Cardoso, Peru's Fujimori Discuss Road to Pacific, Mercosur

PY0301114795 Brasilia Voz do Brasil Network in Portuguese 2100 GMT 2 Jan 95

[Report by Luiz Augusto Mendonca from Planalto Palace]

[FBIS Translated Text] President Fernando Henrique Cardoso today conveyed to Peruvian President Alberto Fujimori his hope that the highway linking Brazil with the Pacific Ocean will be completed as soon as possible.

Fujimori emphasized the significance of the completion of that road, for Peru and Brazil alike. The road that will link Brazil to Peru and to the Pacific Ocean is Highway 364, which goes through Rondonia and up to Acre, and may go as far as the port of Ilo, Peru. When completed, the highway will strengthen trade between Brazil and the Asian tigers.

Fujimori and Cardoso also talked about the Common Market of the South [Mercosur]. Fujimori told Cardoso

that Peruvian businessmen and industrial manufacturers are modernizing in preparation for joining Mercosur two or three years from now.

Planning Minister-Designate Nominates Secretaries

PY3012194394 Sao Paulo AGENCIA ESTADO in Portuguese 2128 GMT 29 Dec 94

[FBIS Translated Text] Brasilia, 29 Dec (AE)—Planning Minister-designate Jose Serra (PSDB-SP) [Brazilian Social Democracy Party-Sao Paulo] today finished nominating his team by appointing economist Andrea Calabi as president of the IPEA (Applied Economic Research Institute). Calabi will also be the Seplan [Planning Secretariat] executive secretary, a post to which he was previously appointed. He will be Jose Serra's main adviser and will fulfill the role of liaison between Seplan and the Finance Ministry. The executive secretary of the Finance Ministry is Pedro Parente, with whom Calabi works in perfect harmony.

Luis Fernando Wellisch, who held government posts during Jose Sarney's and Fernando Collor's administrations, will head the Special Secretariat for State Enterprises, Sest. Martus Tavares, who was the Seplan joint secretary and who is also a former adviser of Jose Serra, will head the economic advisory office. Engineer Mauro Marcondes, who is Planning Minister Beni Veras' chief of staff, will be Planning and Evaluation secretary.

Diplomat Roberto Jaguaribe was nominated International Affairs Secretary. Waldemar Giomi will be the Budget and Finance secretary, a post which he already holds. He will begin the process of cutting expenses from the 1995 budget bill, which must be sanctioned in January by Fernando Henrique Cardoso. Antonio Carlos Pojo, who was Senator Mario Covas' adviser, will be the Seplan chief of staff.

Strategy Outlined

PY0301023495 Sao Paulo FOLHA DE SAO PAULO in Portuguese 29 Dec 94 Section 1 p 7

[By Fernando de Barros e Silva]

[FBIS Translated Text] Planning Minister-designate Jose Serra is already preparing to become the second man of the Republic. Serra's intentions contradict President-elect Fernando Henrique Cardoso's announcement that [Finance Minister-designate] Pedro Malan would be the one in charge of leading the economic policy.

PSDB [Brazilian Social Democracy Party] members linked to Serra have noted that Serra already has the instruments that will give him superpowers to face possible disagreements with the other members of the economic team and to emerge as the key player in the country's economic leadership.

Serra was appointed planning minister following heavy pressure exerted by business groups, especially by Sao

Paulo industrial manufacturers, who bet their chips on him in the hope of having their demands met. Serra will carry much more weight than any of his predecessors.

In addition to controlling the budget and the public sector, Serra will keep at least five ministries under his area of influence (Communications, the Civilian Household, Education, the Federal Administration Secretariat, and the Industry and Commerce Ministry) and the BNDES (National Bank for Economic and Social Development).

Communications Minister Sergio Motta and Civilian Household Chief Clovis Carvalho are Serra's trusted associates. Motta, a businessman, and Carvalho, an engineer, have openly shown both their loyalty and indebtedness to Serra, who is their longtime friend.

The case of Education Minister-designate Paulo Renato Souza is more delicate. Relations between Serra and Souza have been shaken since Serra "eliminated" Souza from the Planning Ministry. Souza, who served as Serra's adviser during the Franco Montoro administration in Sao Paulo (1982-86), does not hide to friends his annoyance with Serra, who will have to work to win Souza over again.

Industry and Commerce Minister-designate Dorothea Werneck, who maintains a direct line with the FIESP [Sao Paulo State Federation of Industries], will virtually just head a branch of the Planning Ministry and will have to work in close coordination with Serra, who will not surrender the task of leading the country's industrial policy.

The same thing should happen with Federal Administration Secretary Luiz Carlos Bresser Pereira. To change the structure of public service by revising—among others—job security provisions and career plans, Bresser will need Serra's political support because Serra will be in charge of the overall reform of the public sector.

The BNDES is a special case. Because the BNDES is subordinated to the Planning Ministry, Serra should have control over the privatization process, a decisive factor to consolidate the economic stabilization already in 1995.

Serra's close friends already envisage possible conflicts between Serra and BNDES President-designate Edmar Bacha, a natural ally of Malan. They believe Cardoso will have to intervene to resolve these conflicts.

When he was appointed BNDES president, Bacha considered it a reward for the work he had performed as a special adviser at the Finance Ministry and in his capacity as one of the leading formulators of the Real Plan. He had told Cardoso that he wanted to return to his hometown, Rio de Janeiro.

Serra's appointment as planning minister has provoked uneasiness. Bacha, Malan, and Persio Arida—the Central Bank president-designate—are responsible for the current monetary exchange policy, of which Serra has been a strong critic.

A possible scenario depicted by pro-Serra PSDB members is that Arida, and not Bacha or Malan, will be the main source of friction with the Planning Ministry at the start of the new administration. Arida's ultraliberalism does not go hand in hand with the government-sponsored industrial policy advocated by Serra.

Come what may, Serra will carefully plan his actions during the early stage of the new administration. He will seek to avoid frontal clashes with the group of Rio de Janeiro economists. His initial strategy will be to gain ground gradually and quietly.

Serra's remark—following his appointment—that he would not make any public comment on the monetary exchange policy appears to be consistent with the above strategy. Internally, he will continue to be the dissident voice.

In addition to planning no special initiatives with regard to the Rio group, Serra will adopt drastic fiscal measures by making deep cuts in government spending to rectify public accounts.

A member of the current economic team said that, compared to what is in the making, the cuts made by the Itamar Franco administration will look like "child's play."

Serra's idea is to coordinate a gradual move from a monetary exchange anchor (which means maintaining the exchange value of the real artificially high in relation to the dollar) to a fiscal anchor.

The recent Mexican economic crisis, which has shown the vulnerability of the monetary exchange anchor, has played into Serra's hands. Serra could not have received a better Christmas present. The Mexican Government does not have any more international reserves to keep the dollar exchange rate artificially low.

According to an analysis report circulating within Malan's group, Cardoso's intention in appointing Serra as minister was to bring a troublesome player closer to him because he knew that Serra would inevitably cause problems. Yet, Cardoso also knew that Serra would cause fewer problems within the government by being committed to the Real Plan rather than outside it—like guessing on the economic leadership from the Senate.

Assessing Cardoso's cabinet, former minister Delfim Netto said that "it undoubtedly reflects an internal contradiction" embodied by the figures of Serra and Malan. He adds, however, that "too much significance is being attached to disagreements between ministers."

Political scientist Jose Luis Fiori, another respected analyst, believes that Serra today is equal to two "Delfims." He was thus comparing Serra's role with that played by Delfim Netto as the strongman of the military regime during the "miracle" period. Fiori and economist Maria da Conceicao Tavares wrote the book "Global Imbalance: The New International Disorder."

Fiori said: "Serra and Sergio Motta are so closely linked that they may be considered a single person." He added: "They represent a great deal of power if you consider that communications—in addition to being politically strategic—will be like *filet mignon* to businessmen in the next few years." According to Fiori, by choosing Motta as communications minister, "Cardoso has signaled that his governing and tenure plans and those of the PSDB are designed for the long term."

In keeping with this strategy, Serra is already a serious candidate for the 1998 presidential succession. If Cardoso used the Finance Ministry as a springboard to seek the presidency, the Planning Ministry emerges as the springboard for Serra to do the same.

Sergio Amaral Accepts Position as Cardoso Spokesman

PY3112013994 Sao Paulo AGENCIA ESTADO in Portuguese 2141 GMT 30 Dec 94

[FBIS Translated Text] Brasilia, 30 Dec (AE)—Ambassador Sergio Amaral today changed his mind and accepted the position of Planalto spokesman during the Fernando Henrique Cardoso administration. With this nomination, Cardoso today concluded the organization of the communications area, which will include the National Communications Secretariat, headed by Roberto Muylaert, and the Broadcasting and Media Secretariat [Secretaria de Divulgacao e Imprensa], which will be headed by journalist Ana Tavares.

The election of the spokesman turned out to be a long story, from the moment Amaral became disappointed with the Planalto Palace organizational chart, which removed the Planalto Palace spokesman's ministerial status. When the ambassador learned that his post would be directly subject to Presidency Secretary General Eduardo Jorge Caldas, Amaral turned down the offer. He argued that he would not accept the post if it was not directly subject to the president of the Republic.

When Amaral—who had worked with Cardoso in the Finance Ministry—turned down the post, Cardoso found it difficult to find another candidate. Determined to appoint a diplomat to the post of spokesman, Cardoso examined the list of ambassadors. He offered the post to at least two of them—Ambassadors Bernardo Pericas and Jorio Dauster, both of whom also turned down the offer. The solution was to be insistent with Amaral, who today accepted the post during an audience with Fernando Henrique Cardoso in Alvorada Palace.

Concrete Proposals by Newly Installed Ministers Noted

PY0301023895 Rio de Janeiro Rede Globo Television in Portuguese 2200 GMT 2 Jan 95

[FBIS Translated Text] At the installation of the new ministers, there were promises of concrete actions right

away. Privatization, stable prices, and changes in public administration are among the main projects.

The first minister to be installed was Industry, Commerce and Tourism Minister Dorothea Werneck. The only woman in the cabinet said that industrial policy will be defined by the businessmen, labor, and government negotiating boards.

Upon being installed, Justice Minister Nelson Jobim recalled that security is a citizen's right and that it must be ensured. Jobim said that before 15 January, Congress will receive amendments for constitutional reform.

Agriculture Minister Jose Eduardo Andrade Vieira supported the need to modify the minimum prices policy for agricultural products. According to him, the current policy concentrates profits.

The most attended installation ceremony this morning was that of Finance Minister Pedro Malan. He said that his area's priority is the de-indexation of the economy.

Social Security's Reinhold Stephanes, who was installed in this ministry for the second time, asserted that retired people and pensioners will not be harmed by the reorganization of the social security area.

[Begin Stephanes recording] People do not need to be concerned about their acquired rights, because they will be guaranteed. [end recording]

Transportation Minister Odacir Klein said that he will study with the National Highway Department the possibility of collecting tolls on some national highways.

Mines and Energy Minister Raimundo Britto defended the need to privatize the areas of energy and mining. He pointed out that he will work against group privileges. Bahia Senator Antonio Carlos Magalhaes attended Britto's installation.

Education Minister Paulo Renato de Souza said that he will encourage forms of learning and instruction other than classroom teaching and establish secretariats for the areas of telecommunications and informatics.

Communications Minister Sergio Motta delivered an impromptu speech and called for more investments in the area and a policy for the professionalization of the sector.

[Begin Motta recording] Those who do not comply with the investment policy approved by the president of the Republic will be estranged from the area. [end recording]

The installation ceremony most attended in the afternoon was that of Planning Minister Jose Serra. He said that the government's main objective is to consolidate price stabilization. He also defended the privatization of the areas of electricity and telecommunications as a priority.

[Begin Serra recording] The idea is to have more and better telecommunications services, thus allowing the private initiative to act more energetically in the area. [end recording]

Health Minister Adib Jatene said that he will suspend the quotas of hospitalization authorizations given to hospitals suspected of committing fraud.

Federal Administration Secretary Bresser Pereira supported the need to modify the policy of job seniority.

[Begin recording] [Bresser Pereira] This sort of seniority is unacceptable because it preserves ineffectiveness, the excess of employees, and an absence of skills.

[Unidentified reporter] [question indistinct]

[Bresser Pereira] We must discuss and think about this. What we cannot continue to have is an inflexible seniority system such as the current one. [end recording]

Effects of Mexican, Argentine 'Crisis' Viewed

PY3112025794 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 29 Dec 94 p A3

[Editorial from the "Notes and Information" page: "The Domino Effect"]

[FBIS Translated Text] As is known, an economic crisis normally takes place within an atmosphere of total irrationality, leading governments to situations of total impotency. Such an outlook is worse in a global economy and in the international financial markets. The crisis that took place last week in Mexico is having a domino effect on all the Latin American emerging countries, including Chile, which was thought to be safe from the storm. Without a doubt, the country that is most threatened by the crisis, given that its exchange policy is similar to that of Mexico, is Argentina. Such a threat occurs at a delicate moment, when the Mercosur [Common Market of the South] is beginning a new stage. Certainly, whatever happens in Argentina could affect the Brazilian economy much more than the Mexican crisis, given that we lack the support of great world powers like the ones that are members of the NAFTA.

In the past few years, Argentina repeatedly demonstrated a good performance. The accumulated growth of its GDP amounted to 33.6 percent between 1991 and 1994. Inflation, which in 1991 stood at an annual 171.7 percent, dropped to 4 percent in 1994, in comparison to the 10.6 percent registered in 1993. Argentina, however, suffered two setbacks: It was unable to reverse the trend of increasing unemployment—which currently stands at 13 percent of the active labor force—and it did not manage to reverse the deficit in its balance of payments, which makes its economy very dependent on foreign capital investment, especially short-term investment.

Such mishaps explain why the Argentines are feeling very uncomfortable regarding the Mexican crisis: Foreign capital, which left Mexico after suffering great losses

caused by the more than 50 percent devaluation of the Mexican peso, is leaving Argentina at a moment when the high interest rates paid in the United States make investments in emerging countries less attractive. Paradoxically, the flight of foreign capital from the stock exchange of emerging countries is helping to make investments in the U.S. stock exchange more attractive. This creates a snow ball effect that also affects Brazil, where the greatest harmful effect is being felt precisely in the sector that depends most on foreign capital: the stock exchange.

Argentine Economy Minister Domingo Cavallo knows that it is not enough to simply declare that the Argentine peso will not be devalued (he needs congressional approval for this, which at least will not allow a surprise to happen). Cavallo must demonstrate that he is adopting measures to encourage the return of calmness. In face of the threat of a crisis in the financial system caused by the bankruptcy of the Extrader Bank, the Argentine Government resorted to an uncommon measure: It gave the Extrader Bank 15 days to solve its difficulties and suspended its activities for 30 days. The Argentine Government counts on the help of foreign banks in Buenos Aires, mainly Citibank and the Bank of Boston, which could be the first victims of an expansion of the crisis.

Cavallo is nonetheless aware that he must provide greater guarantees. With the support of the U.S. Administration, Cavallo traveled to the United States to ask U.S. financial institutions for help. But he will soon announce the measure of greatest impact: The restructuring of the Argentine fiscal policy.

It is known that the exchange policy in Argentina was unable to withstand the impact of the Mexican crisis. Thus far the Argentine fiscal balance was mainly obtained through the accelerated privatization process, which no longer raises funds. The priority will now be centered on a thorough fiscal reform that the Argentine Government was attempting to delay until after the 1995 elections.

Brazil, which is in a far more comfortable situation than Mexico and Argentina, must take into account the difficulties of these two countries. In the next few days, we may perhaps verify the importance of Planning Minister Jose Serra in comparison with the rest of the ministers of Fernando Henrique Cardoso.

Further on Blocking of State Bank, Company Accounts

PY3012175494 Sao Paulo AGENCIA ESTADO in Portuguese 2242 GMT 28 Dec 94

[FBIS Translated Text] Brasilia, 28 Dec (AE)—It is not only 19 states that have failed to pay their share of interest on the foreign debt, and as a result had their accounts blocked by the government. The decision to

block the transfer of the Participation and Municipalities Fund [FPM] installments and the money deposited in the accounts at the Bank of Brazil also affected companies owned by federal and state governments, thus increasing to 39 the number of blocked accounts. Treasury Secretary Murilo Portugal asserted on the night of 28 December that the news of blocking the accounts has already had positive effects: "Many other states have already paid their debts," Portugal said.

He did not want to reveal the names of the state governments and state-owned enterprises that had had their accounts blocked, because they are protected by the principle of bank secrecy. According to Portugal, reporting these names could create credibility problems for the indebted state governments and companies. He was surprised to learn that some state governments, municipalities, and state-owned companies had not paid their July-December portion of interest on the foreign debt. He said: "It is only \$23 million, less than \$1 million each."

The accounts will be blocked beginning 30 December. From then on, FPM installments will no longer be transferred to the accounts of federal, state, and county governments in debt with the federal government. The operation starts in Brasilia. An order from Finance Minister Ciro Gomes is enough to automatically block all the deposits in the accounts of the punished governments and companies. They will be unblocked only when the debts are paid for or the blocked deposits reach the total owed to the federal government.

Central Bank Intervenes in State Banks

PY3012173094 Rio de Janeiro Rede Globo Television in Portuguese 1515 GMT 30 Dec 94

[FBIS Translated Text] The Central Bank has ordered an intervention in Banespa [Sao Paulo State Bank] and Banerj [Rio de Janeiro State Bank]. The intervention was reported by Central Bank President Pedro Malan. He said that beginning today the two banks will be under a special temporary administration. The measure, which seeks to preserve the interests of both clients and investors, was decided upon after Banespa closed yesterday with a 1 billion real [R] deficit and Banerj with a R515 million deficit.

Finance Minister Ciro Gomes said that the intervention had not been an arbitrary decision, but rather a gesture of cooperation to reorganize the two banks. He asserted that there will be no problems for clients, that the two banks will open on 2 January, and that Banespa and Banerj checks will be honored in normal fashion. Minister Gomes also said that the intervention does not mean that there is a crisis in the Brazilian financial system, and that it was an isolated case of a lack of resources at Banespa and Banerj.

[Begin Gomes recording] This is a problem entirely concentrated in Banespa and Banerj. The state banks

system and private financial system are entirely firm. They have great liquidity. There are no problems in that regard. [end recording]

Police Program for Protection of Amazon Region Noted

PY3012124494 Brasilia Radio Nacional da Amazonia Network in Portuguese 0900 GMT 30 Dec 94

[FBIS Translated Text] The Federal Police have drafted a program to fight environmental crimes, drug trafficking, and smuggling in general. The program will be implemented in the Amazon Region. Here is Marcia Pompeu's report on the issue:

[Begin Pompeu recording] One more program for the defense of the Amazon Region. This one has been drafted by the Federal Police Secretariat, under instructions from the Justice Ministry. The program contemplates intensifying, in a preventive and systematic manner, the fight against environmental crimes, drug trafficking, and smuggling. In addition to all that, an increased number of federal policemen in the Amazon Region will enforce the actions of Ibama [Brazilian Institute for the Environment], Funai [National Indian Foundation], and Incra [National Land Reform and Settlement Institute] in the region.

The program, which will ensure national control over the Amazon Region, is supported by the UN program for international control of drug trafficking, and involves \$220 million in resources. The program is called Pro-Amazonia, and is integrated with two other programs for the region: Sipam [Amazon Region Protection System], of the Strategic Affairs Secretariat, and Sivam [Amazon Region Surveillance System], of the Aeronautics Ministry. Colonel Wilson Romao, Federal Police director general, reports that the Pro-Amazonia program will have been fully implemented within four years. [end recording]

Senate Approves Law on Genetic 'Biosafety'

PY0201131895 Sao Paulo GAZETA MERCANTIL in Portuguese 28 Dec 94 p 10

[FBIS Translated Text] The Law on Biosafety [lei de biosseguranca] that has just been approved by the Senate will regulate the research and production of genetically modified products in Brazil. An AGENCIA BRASIL news agency report states: With the advances being made in research, the need for a law in this field is due to concern over the possible harm that transgenic [transgenicos] tests carried out by Brazilian and foreign scientists could cause to national biodiversity. Several multinational companies were awaiting the approval of the Biosafety Law in order to test transgenic products in Brazil. Laws on this subject already exist in Europe and the United States.

The Brazilian law creates the National Biosafety Committee [Comissao Tecnica Nacional de Biosseguranca] (CTNBIO) whose members must be appointed by the president of the Republic.

Colombia

President Samper Gives Year End Address

PA3112042194 Santa Fe de Bogota Inrvasion
Television Canal A in Spanish 0103 GMT 31 Dec 94

["Year End Address" by President Ernesto Samper Pizano on 30 December, in Cartagena de Indias—recorded]

[FBIS Translated Text] Colombians, I address you as we approach the end of 1994, a year full of progress. I confess that I like these holidays, particularly Christmas—which is for the children, the family, and fond memories. Since this is a time for confessions, allow me to also confess that I feel quite proud of being president of Colombia, a responsibility that I have sought—as I recently told some children who interviewed me—since I was six years old.

We, the Colombian people, comprise an honest, hard-working, and dynamic nation, above all a dignified nation, a nation that can look forward to its immediate future with optimism. We will turn 1995 into the year of national dignity. Colombia, our country, is the best country in the world to raise our children, to fulfill our dreams, and to bury our departed.

We have a nation with great possibilities and with good, hard-working, creative, and honest people, who have overcome great adversities with valor and determination. My stay in Spain as ambassador allowed me to ascertain that no people criticize their country more than the Colombian people when they live in it, and no one misses one's country as much as those same Colombians when they live abroad.

I have seen fellow citizens living abroad cry when they hear Carlos Vives and suffer during the Christmas holidays because they miss the sancocho, bunuelo, tamal, or a big plate of ajico. That is how the Colombians are—sentimental, proudly sentimental, to be Colombians, as Colombian as a good bambuco, cumbia, joropo, or vallenato.

We are dutybound to continue building this dignified country so our children may feel proud of it, and we will do it setting aside selfishness and indifference. We will do it by searching deep in our souls and by regaining values that define us as a nation and that will allow us to build the dignified and peaceful homeland we all dream about—the value of tolerance, honesty, hard work, solidarity. Strengthening ourselves with all those values, we will work to build the spiritual edifice of Colombia.

In 1995 we will continue to struggle for the people, think about the people, and develop social welfare programs whose foundations we established during the first months of our administration. The economy grew almost 6 percent in 1994, a growth that many countries in the world envy today. Next year we will have a similar growth.

However, the growth achieved is of little or no use if we do not make sure it is distributed better, above all among a larger number of Colombians rather than letting it remain in a few hands; or if we do not make it possible for peasants to live better and allow a higher number of graduates to enter the university; or if we do not help lift some burden off of mothers who are heads of households and help young people find their first job.

Consequently, we will make it possible so that, upon conclusion of my four-year term, a new citizen may emerge in Colombia—the citizen of the 21st Century. He will be more active in politics, more productive in the economic sector, more supportive in the social sector, but, above all, more proud to be Colombians.

Seeking to better distribute growth, my government designed the social leap strategy, which has already begun to operate and which shall yield its first results next year. The social leap involves more and better education; the social leap represents more and better health; the social leap is employment; the social leap represents 600,000 new housing solutions. The social leap also means pensions for homeless elders and nutritional support for the children.

Within this new social policy, the government, workers, and businessmen signed in December—as many of you know—the Social Pact, which will allow us to reduce inflation estimates so the Colombian people's salaries may truly be sufficient next year. If we let everyone freely adjust prices that are under their control inflation will break loose like a horse without reins. Quite the contrary, if—as the Pact proposes—everyone pledges to fulfill a goal and does it, inflation will go down for everyone, and our prices will be enough to buy more and at lower prices.

For example, we will not have the traditional, almost diabolical, barrage of increases in January. The government will not raise gasoline prices as it has traditionally done every 1 January, thus unleashing a chain of increases in all the prices. We will do it throughout the year, in a gradual manner, and below the expected inflation rate.

The Pact obviously has some enemies. One of them is the high interest rates. I am alert to the effectiveness of some measures that should be adopted by the bank of the republic in coordination with the government concerning the interest rates issue. We cannot continue to grow in a healthy manner with the current ones. To speculate with money, as is being done through some financial intermediaries, is like playing with gasoline in the middle of a fire. If those measures do not work, or if they do not work with the required effectiveness, I will not hesitate to intervene as much as necessary in the money market so that its cost will be adjusted to reasonable conditions. We will not let the productive efforts of thousands of Colombians be subject to this financial speculation.

Allow me to make a final reference to an issue that concerns us all, the peace issue. We will continue to work for Colombia's peace next year. If we manage to remove the reins of violence in Colombia, its future will be that of one of the most dynamic nations in the world. Therefore, in 1995 we will strive so that peace is no longer a dream. It should become a challenge and, hopefully, a reality quite soon.

We presented a peace initiative in November. I begin inviting all the people up in arms to follow the guidelines established by Protocol Two, approved by the Congress of the republic this year, so that we may start by humanizing the war. To humanize the war is to remove the innocent civilian population from the midst of the conflict; to humanize the war is to prevent events like the one that occurred here in Cartagena or the one that occurred weeks ago in Cauca Department—in which innocent children died, were incinerated—from ever again happening in our homeland.

To humanize the war is to prevent these incidents, in which the innocent pay for the guilty, from happening ever again. How could Estefania, the six-year-old girl from Cartagena who suffered burns all over her body and who currently is fighting for her life at a hospital in Santa Fe de Bogota, be guilty? If we fail to achieve peace, if the achievement of peace takes more time, the groups up in arms should at least pledge to end the kidnappings, booby traps, terrorist attacks, and—at the very least—stop sacrificing children.

The government I preside over has pledged to respect the Geneva humanitarian norms as part of the new policy of respect for human rights; and it expects a similar attitude from all the subversive groups. We will continue to work for peace, without rest and without respite.

The day will come when all we are spending in the war can be invested in peace. Peace represents employment; peace is safety in the streets of our cities; peace is the countryside at work again; peace is education, housing, and justice for a larger number of citizens.

Colombians: dignity, Social Pact, and peace are three reasons for reflection in the new year that begins in a few hours. Dignity so we may all feel, and never stop feeling, proud to be Colombians. Social Pact so our salaries prove enough to fulfill our needs. Social leap so that the living conditions of millions of our fellow citizens improve at last. Peace so we may all feel free of fear and partners forever in hope.

On behalf of Jackie, Andres, Miguel, and Felipe, I wish all of you and your relatives a new year full of prosperity and many good things. May the God of Colombia, our own God of faith and love, guide us so we may go forward, building together and among all of us, the time of peace and the time of the people.

Good evening and Happy New Year.

Discusses Accomplishments, Guerrillas

PA3112031394 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 30 Dec 94

[Report by Victor Lopez from Cartagena; from "Caracol's 0600 to 0900" newscast]

[FBIS Translated Text] President Ernesto Samper Pizano for the first time has commented on the subversive escalation that Cartagena experienced last week. He voiced hopes that this will not mark the beginning of a prevalence of guerrilla actions. In a conversation with Caracol the head of state also referred to the social pact and how he will spend the end of the year.

[Begin recording] [Samper] We will spend part of the time here in Cartagena and the rest in Brasilia at the inauguration ceremony of the Brazilian president.

[Lopez] President, what was your major accomplishment this year?

[Samper] I would say there are several; the first is the Social Pact. I am also pleased with our achievements with regard to Protocol II of Geneva on the humanization of war. Things are turning out well, and I am very happy.

[Lopez] Mr. President, you are an optimist on peace. Do incidents such as the one in Cartagena not tarnish the process?

[Samper] No, I think this was an isolated incident; a very regrettable one. It was an isolated incident that worried everyone, however, I do not think that it is part of a terrorist escalation, but that it responded to a particular circumstance.

[Lopez] Do you think that there is still a possibility of establishing a dialogue for peace with guerrillas of [words indistinct]?

[Samper] It is never late to seek peace. The more violence there is, the more we should continue to work and struggle to achieve peace, but this does not mean that we will lower our guard either.

[Lopez] Mr. President, today the president of Fedelonjas [Real Estate Federation] said that rent will rise more than [word indistinct] percent. What is the government's position?

[Samper] I think that Fedelonjas should assess its social responsibility carefully. We hope it will contribute, as all Colombians will, to ensure that rent will not increase inflation. It would be very serious for them to assume the cost of having set a bad example. I am sure that the union will act responsibly.

[Lopez] You are going to Brazil. What is expected with regard to coffee?

[Samper] The ratification of the producers' agreement to maintain the price of coffee. [end recording]

President Ernesto Samper Pizano will travel early on 1 January with wife Jacky and several ministers to attend the inauguration ceremony of the Brazilian president.

National Police Report Examines Drug Trade

95WD0139Z Santa Fe de Bogota EL TIEMPO in Spanish 19 Dec 94 p 27A

[Article by Miller Rubio]

[FBIS Translated Text] In the past year, the Colombian guerrillas have extended their financial operations into drug trafficking, and now they control a veritable industry of collecting taxes from the Colombian drug cartels.

A report by the National Police on the narcotics trafficking phenomenon also claims that the drug trafficking problem is so big that the mafia has stratified into three levels of operation.

The document, submitted to top government officials two weeks ago, represents the first serious study of what is happening in terms of narcoguerrillas, the smuggling of ingredients, the production of drugs, money laundering, deforestation, and the structure of the mafia's main cartels in Colombia.

Experts believe that the guerrillas charge the traffickers 30 percent of the total cost of large-scale production of cocaine and heroin. In addition, the insurgent groups are responsible for cultivating and harvesting marijuana in the northern part of the country.

Investigations indicate that the insurgent groups are collecting 10 million pesos a week from the drug traffickers for allowing them to operate a laboratory, and an additional 13 million pesos for the use of landing strips in their spheres of influence.

The police also contend that in the areas under guerrilla control where there is drug-production infrastructure, the leaders of the financial fronts are collecting 10,000 pesos a month for each hectare under their protection, 5,000 pesos per kilo processed, 20,000 pesos per kilo shipped, and 1,000 pesos per gallon of ingredients transported.

The Colombian narcoguerrilla map shows that in Magdalena and Cesar, Fronts II and III of the Revolutionary Armed Forces of Colombia (FARC) are collecting fees for security and transportation; in Cordoba, Front 18 guarantees security and control of landing strips; in Antioquia, Fronts V and XXXIV control the laboratories; in Santander and Boyaca, Fronts XXIII and XXVIII protect crops and trading; in Cundinamarca, Tolima, and Cauca, Fronts VI and VIII control crops; and in the jungles of Vichada, Guaviare, Caqueta, and Putumayo, they coordinate the transportation of ingredients.

The Army of National Liberation (ELN) also controls production, transportation, and processing operations.

Thus, the Jose Solano Sepulveda Front oversees laboratories and the transportation of drugs in Bolivar; the Jose Martinez Front provides security in Cesar; the Seis de Diciembre Front protects processing and planting in Magdalena; the Luis Carlos Cardenas Front has control of landing strips in the Valle region; and the Manuel Vasquez Castano Front guards transportation and crops in Cauca and Putumayo.

The Cartels

Experts say that drug trafficking has become such a widespread phenomenon that drug traffickers have stratified into upper, middle, and lower levels. Officials say the cartel leaders and their partners and advisers are on the first level, on the second level are the professionals and technicians, and on the third level are small traffickers who make their living on small-time dealing.

The authorities describe the upper-level traffickers as veritable drug trafficking industrialists whose activities are concentrated primarily on providing capital to facilitate large-scale operations.

The report states that these drug traffickers "always do everything possible to dissociate themselves and to give the impression they are not linked to the organizations' illicit activities or the crimes they are alleged to be committing."

The document places on this level the mafia barons of Cali, the central Valle region, the northern Valle region, the Atlantic Coast, Bogota, and Antioquia.

At the same time, investigators have discovered some 200 small drug trafficking organizations that usually have some sort of business relationship with the main drug cartels.

The mid-level drug traffickers are criminals who are directly involved in production, transportation, and money laundering activities, and they have their own infrastructure.

At the lower level, authorities have identified traffickers who live in laboratories that they own themselves. They usually make small incomes selling drugs to other drug traffickers.

Ingredients

With regard to the clandestine trafficking in ingredients, the report states that 45 percent of the raw materials used to process heroin and cocaine come from European companies, 20 percent from Brazil, 10 percent from Asia, and 25 percent from the United States.

The traffickers buy ketones, solvents, alcohols, and acetic anhydride from German, British, and Dutch companies. The networks buy acids and ketones in Brazil.

Asia and China are sources of permanganate, while the United States is a steady supplier of acids.

To import these goods, the traffickers use business names as natural persons or corporate entities, carry out several transactions using the same license, change the original name of the product, use defunct businesses, and contract with several firms at once to import the ingredients.

As far as money laundering is concerned, the police note that to legalize the million-dollar transfers, the drug traffickers invest in private and government lotteries, use stock brokerage firms, deposit small amounts in banks, send money to countries with lax banking laws, and send inflated invoices for exports and imports.

Buying works of art and gambling have become common methods of hiding drug profits in Colombia.

During the year that is now drawing to a close, the police and the government have spent 19,862,900,000 pesos on antimafia operations, buying equipment, and training drug agents to combat this scourge.

Ecuador

Duran-Ballen Cancels Trip to Brazil

PA3012200494 Mexico City NOTIMEX in Spanish
1843 GMT 30 Dec 94

[FBIS Translated Text] Quito, 30 Dec (NOTIMEX)—A Government spokesman today reported that Ecuadoran President Sixto Duran-Ballen has canceled a planned trip to Brazil where he was slated to attend the presidential inauguration of Fernando Henrique Cardoso.

Presidential Press Secretary Santiago Aguilar said the president canceled the trip to Brazil because he personally wants to confront Congress over the delayed approval of next year's fiscal budget.

Aguilar described as serious the fact that the congressional commission in charge of this issue will fail to approve the budget by Saturday, the constitutional deadline, which will force the budget to be discussed by the full Congress.

Nevertheless, the "Today's News" radio newscast said the cancellation of the 73-year-old Ecuadoran President's trip was due to his doctors' recommendation following an examination this morning.

However, Aguilar said Duran-Ballen is "truly recuperating" from a second spinal column operation he underwent in early November at a Washington hospital. He added that the president will give a national radio and television address to explain his point of view regarding the congressional delay in approving the budget.

In recent weeks President Duran-Ballen has limited his activities because of his spinal column affliction.

Paraguay

President Plans Precautions After Death Threats

PA0101034595 Madrid EFE in Spanish 1721 GMT
31 Dec 94

[FBIS Translated Text] Asuncion, 31 Dec (EFE)—Paraguayan Interior Minister Carlos Podesta has said

that President Juan Carlos Wasmosy does not believe the reports published today in the Brazilian press about a possible assassination attempt against him, but he nevertheless will take certain precautions. The report, published today by CORREIO BRASILIENSE, states that the alleged murder attempt against Wasmosy would be made on Sunday during the inauguration of new Brazilian President Fernando Henrique Cardoso.

After meeting with Wasmosy to study reports coming from Brasilia, Podesta told Asuncion radio stations that "the president does not believe in such things. He said this kind of threat does not impress him." The minister said that Wasmosy has been advised to strictly follow security procedures and obey the decisions of his escort personnel. Podesta said "he laughs about the situation, but I understand he is well aware of the serious responsibility of his office and will do everything he can to comply with security protocol at this time." Asked whether Wasmosy would be under special protection during his stay in Brasilia, Podesta said that "the measures will not be very different from those provided to the other chiefs of state attending the inauguration."

He also said that "the Brazilian police do not have clear information that could serve to confirm the news report" from Brasilia. "You will understand, however, that we have had to take the necessary precautions to do everything possible to guarantee the security of the president," the minister reiterated.

According to a report in CORREIO BRASILIENSE, which the Brazilian Federal Police have not confirmed, International Police (Interpol) has tipped off authorities about the possible attack that "10 Arabs" were planning to perpetrate. The Arabs have lived secretly on the Paraguayan border since November. The police did not identify the group to which the terrorists belong or their citizenship but warned that the attack would be made during Cardoso's inauguration.

Internal resistance by a military sector is reportedly behind the alleged terrorist plan against Wasmosy, CORREIO BRASILIENSE also stated, citing the views of Brazilian security corps.

Interior Minister Podesta ruled out the possibility that the military might be involved in this sort of incident. "There is no military uprising here; I hope this is nothing but mere speculation by the newspaper. Wherever there is an army, there is always the possibility that problems like the one described by the news report will emerge, but that is not the case with us," Podesta affirmed. At present, "the country's weapons have been entrusted to responsible people who are prepared to respect the Constitution, so I do not want to give credence to that sort of speculation. In addition, as far as I know, Wasmosy has no problems with Muslims or anybody," the Paraguayan official said in conclusion.

On Sunday Wasmosy will fly to Brasilia accompanied by Foreign Minister Luis Maria Ramirez Boettner. The

presidential airplane is scheduled to leave at 0715 (1015 GMT), sources in the Palace of Government confirmed to EFE.

Plans To Attend Cardoso Inauguration

PA0101040595 Paris AFP in Spanish 2208 GMT
31 Dec 94

[FBIS Translated Text] Asuncion, 31 Dec (AFP)—Paraguayan President Juan Carlos Wasmosy this Saturday confirmed that he will travel to Brazil for the inauguration of Brazilian President Henrique Cardoso, despite reports from Brasilia that there would be an attack on his life.

Wasmosy studied the situation from the Mburuvich Roga (which means, in the native Guarani dialect, house of the chief) Presidential Palace with Vice Admiral Eduardo Gonzalez Petit, commander in chief of the Armed Forces, and Interior Minister Carlos Podesta.

After the meeting, Podesta announced that Wasmosy would not be canceling his scheduled trip to Brasilia. He said that he had personally contacted those responsible for security at the Brazilian venue on Sunday in order to bolster security measures surrounding Wasmosy.

He was asked if there are any special groups that might want to attack the Paraguayan president. He answered that one can only make suppositions. "It could be the vagrant hand from the Middle East who was left without a mission after Israel and Palestine signed a peace treaty," he suggested. He noted that many of these former terrorists have become mercenaries who could turn out to be very dangerous in the future.

Presidential spokesman Guillermo Yaluff confirmed to AFP that Wasmosy would in fact be present for the Cardoso inauguration.

Returns From Brazil, Views Rumors

PY0301014195 Asuncion RPC Television Network in Spanish 2300 GMT 2 Jan 95

[FBIS Translated Text] President Juan Carlos Wasmosy returned to our capital city after participating in Fernando Henrique Cardoso's inauguration as the new Brazilian president. He held a news conference and talked about Mercosur's implementation.

[Begin Wasmosy recording] Paraguay has the Mercosur [Common Market of the South] temporary presidency. Today we are witnessing the real and practical beginning of this integration process that has a common external tariff. Today, during the meeting of the four Mercosur member countries' presidents plus the Chilean and Bolivian presidents, Chile officially announced its wish to join the Mercosur. Bolivia will coordinate some of its own policies with the Andean Pact before joining the Mercosur as well. It is pleasant news to hear that a brother country like Chile will join the Mercosur. In this way, in the not too distant future, the entire Southern

Cone will have the same philosophy to discuss with the Andean Pact and then face President Clinton's project [of having a free trade zone] from Alaska to Tierra del Fuego. [end recording]

Regarding the rumors of a conspiracy to attack the president in Brasilia, Wasmosy said:

[Begin Wasmosy recording] I heard about the commentaries and rumors. I do not know. I had to show my shirt to prove that I was not wearing a bulletproof vest. They were just comments. But I received calls from all the presidents. There were so many comments. A democratic process is basic for any integration process. Government resolutions must have the legitimacy only democratic governments can grant. This is what concerns everyone. [end recording]

The president also discussed the possibility of negotiating the Itaipu treaty.

[Begin recording] [Wasmosy] We will renegotiate Annex A and everything else that might be of interest to the two countries. Just remember that we had a treaty and an opinion during construction. We must see if we can improve the treaty during this stage of production, and possibly establish connections with other countries in the area of electricity.

[Unidentified reporter] What is the administration's position with respect to Annex A?

[Wasmosy] We will negotiate it. Just remember that the Congress rejected it in the past, not me.

[Reporter] Mr. President, did you sign the decree authorizing the retirement of military officers?

[Wasmosy] Not yet. [end recording]

Interpol Unaware of Plot To Kill Wasmosy

PY0201024695 Lambare Paraguay Radio Cardinal in Spanish 0055 GMT 2 Jan 95

[Telephone interview with Police Superintendent Victor Manuel Hermosa Sagaz, chief of the Interpol bureau in Asuncion, by reporter Nicolas Gonzalez—live; intercepted in progress]

[FBIS Translated Text] [Hermosa] ...our questions have been promptly answered by our colleagues in Brazil and France, who denied the newspaper report. It was just a newspaper report.

[Gonzalez] How could this have started, Superintendent, at least as far as the Interpol bureau in Paraguay is concerned? Was it just fabrication by the press, or was there any justification to the publication of such a serious report? What do you think prompted the report?

[Hermosa] I do not know who reported that Interpol Paraguay had received such a report. We never had such information.

[Gonzalez] Here in Paraguay, right?

[Hermosa] Interpol Brazil did not have anything, either.

[Gonzalez] Well, the information apparently did not originate in Brazil, where the press merely published a report that originated in Paris, France. Did the Paris office say anything similar to what has been reported in Brazil and here?

[Hermosa] Well, I had access to the Brazilian newspaper report, through another local radio station. The newspaper report says that the information originated in a message received by Interpol Brazil from the Interpol headquarters in Lyon. Based on this, we asked our Brazilian colleagues—and our general secretariat based in Lyon, France—if there was any truth to the newspaper reports. They both flatly denied the report. Thus, Interpol does not officially have any information about the newspaper report.

[Gonzalez] Yet, security measures have been tightened to protect President Wasmosy and other dignitaries who attended Brazilian President Fernando Henrique Cardoso's inauguration, Superintendent.

[Hermosa] Yes. In its reply to us, Interpol Brasilia stated in the last paragraph that they have adopted the appropriate measures not only regarding President Wasmosy, but regarding all guests and leaders who are attending President Cardoso's inauguration.

[Gonzalez] Superintendent, this has not been the first report regarding an assassination attempt against President Wasmosy because a similar report had been released earlier in Asuncion.

[Hermosa] Well, you know that I am the Interpol chief here. As head of the Paraguay bureau, we have never officially had any information about that subject.

Interior Minister Dismisses Conspiracy Threats

PY0301021995 Asuncion RPC Television Network in Spanish 2300 GMT 2 Jan 95

[FBIS Translated Text] Interior Minister Carlos Podesta has dismissed rumors about an attack against President Juan Carlos Wasmosy. The report on the conspiracy was first published by CORREIO BRASILIENSE. The minister, however, stressed the need to reinforce existing controls in border areas.

[Begin recording] [Podesta] We must always be alert. Happily, nothing happened. Obviously, the report was not true. It is better this way, do you not think so?

[Unidentified reporter] Minister, why the restrictions on the press this afternoon?

[Podesta, jokingly] I think you people are very dangerous. [laughs]

[Reporter] Are these measures part of the security measures?

[Podesta] No, no. Not at all.

[Reporter] Did you receive any information about this case?

[Podesta] Well, you have said there were restrictions on the press, but we are all here talking. You had the opportunity to put your questions to the president personally. I do not know. Perhaps sometimes instructions do not arrive in time and the guards chose to prevent the access of persons who have not been expressly authorized. That must be all.

Wasmosy Signs Decree Retiring Officers

PY0201215495 Asuncion NOTICIAS in Spanish 31 Dec 94 p 10

[FBIS Translated Excerpt] President Juan Carlos Wasmosy, acting as Armed Forces commander in chief, has signed the decree officially sending five [number as published] division generals, one vice admiral, and five brigade generals into retirement. Division Generals Pedro Ocampos, Jose Cespedes Zarza, Evelio Favio Benitez Santacruz, Iran Espinola, and Vice Admiral Flavio Abadie Gaona thus ended their active duty in the Armed Forces. The same thing occurred with Brigade Generals Adalberto Fleitas Martinez, Jose Feliz Pavon, Mario Barreto Aguero, Lorenzo Morel, and Manuel Benito Miranda.

President Wasmosy also sent 47 colonels into retirement. The list includes Lieutenant Colonels Cristobal Fidencio Tabarelli and Ana Fernandez de Vera, and Medical or Physicians' Corps Major Physician Jose Javier Villalba.

The president signed the decree after releasing the list of promotions and after the ceremony to give the new generals their stars. The ceremony took place at the office of the commander in chief on 28 December.

Group of 28

According to the General Staff Office, a group of 28 colonels were placed at the disposal of the commander in chief because they have not completed the 30-year service requirement to retire.

These officers will continue collecting their salaries until they complete the period of service needed for retirement. According to the sources, some colonels need only two or three more months to complete their 30-year contribution period and retire.

Among the colonels placed at the disposal of the commander in chief are Carlos Medina Monjagata, Virgilio Ortiz Maidana, Navy Captain Melo [as published], and Albino Rojas and Tito Melgarejo, all of whom belong to the class of 1965 of the Military School.

The list of retired generals and high ranking officers: Generals:
Div. Gen. Pedro C. de la Cruz Ocampos

Div. Gen. Jose Cespedes Zarza
Vice Admiral. Flavio Alcibiades Abadie Gaona
Div. Gen. Evelio Favio Benitez Santacruz
Div. Gen. Iran Antonio Centurion Espinola
Brig. Gen. Mario Barreto Aguero
Brig. Gen. Jose Feliz Pavon Gonzalez
Brig. Gen. Adalberto Fleitas Martinez
Brig. Gen. Lorenzo Morel
Brig. Gen. Manuel B. Miranda Fernandez High ranking officers:

Colonel DEM [graduate of the General Staff School] Andres Ramon Bogado Villalba, Col. DEM L. Justo Pastor Fretes Canete, Col. DEM Bernardo Emilio Jara Costa, Navy Captain DEM Severiano Osorio Gill, Navy Capt. DEM F. Solano Alderete E., Navy Capt. DEM Santiago Reyes Irala, Col. DEM Juan Ernesto Galeano Ruiz Diaz, Col. DEM Americo del Pilar Vera Duarte, Navy Capt. DEM Elpidio Moreno Carreras, Col. DEM Aristides D. Ayala Paredes, Col. DEM Juan Pelagio Grommeck, Col. DEM Hernan Buniak Carrillo, Col. DEM Luis Cornelio Canete Rodriguez, Col. DEM Agustin Torres Oviedo, Col. DEM Cesar Antonio Caballero Adorno, Col. DEM Pedro Albino Fiore Gonzalez, Navy Capt. DEM Gumerindo Almiron Mendez, Navy Capt. DEM Cesar Benitez Santacruz, Navy Capt. DEM Jorge Ernesto Doria Guerin, Navy Capt. DEM Victor M. Lezcano Lezcano, Col. DEM Justo Alcides Silvero Rios, Navy Capt. DEM Americo A. Gonzalez Vera, Col. Adalberto Canata, Lt. Col. DEM Cristobal F. Tabarelli Ortiz, and Col. DEM Felix H. Zaldivar Ortega. [passage omitted]

Senator Comments on Military Salary Issue

PY0301022195 Asuncion RPC Television Network in Spanish 2300 GMT 2 Jan 95

[FBIS Translated Text] Senator Miguel Abdon Saguier, national Congress Permanent Commission chairman, said today that legislators' refusal to increase military salaries will not create any problems for the executive branch.

Senator Miguel Abdon Saguier thinks legislators' refusal to increase military salaries should not create any problems between the military and the president. We believe in the military's good senses, the legislator said.

[Begin Saguier recording] We believe in our military's patriotism. We think they will support the Paraguayan people's aspirations. The people want democracy, life in freedom, economic development, and the modernization of the entire state apparatus. The Armed Forces are part of the state apparatus. The Armed Forces will receive, in the future—we hope it will be in the immediate future—a modern structure adapted to the new era in which we are living. [end recording]

Peru

U.S. President's Decision on Radars, AWACS Praised

PY3112024294 Lima EXPRESO in Spanish 19 Dec 94 p A31

[Commentary by Patricio Ricketts Rey de Castro: "The Radars"]

[FBIS Translated Text] The return to operation of the U.S. radars and AWACS planes for maintaining control over aerial aspects of drug trafficking in Peruvian territory, mainly to protect the United States against drugs, was the right decision on the part of President Bill Clinton. There is no doubt that the incorrect decision to remove the radars, which failed its intended purpose as a way to exert pressure on Peru, facilitated the entry of cocaine into the United States, and became an irresponsible act that must have been celebrated by the drug cartels.

In fact, the AWACS planes and the radars will be back in operation, and it will now be our turn to celebrate. Mainly this is because it means a significant practical recognition of the mutual responsibility of the countries that produce and consume drugs in controlling drug trafficking. The important thing is the concept from which the practical actions will emerge if we really want to fight the scourge of cocaine, opium, and the other criminal poisons. From the Bush administration, the United States inherited a great responsibility that cannot be avoided. This was understood by Clinton, and we should be pleased. Score one point for Peru.

No one denies that drug trafficking involves complex problems that demand overall—and not just military—solutions. But it also cannot be denied that its criminals actions in the national territory are serious violations of national security. Given this situation, there is no response other than armed action. This action should be as drastic as possible to put an end to the threat of drug trafficking. The narcoplanes have nothing to do with civil aviation. They are simple instruments of an infamous criminal complex trying to make Peru a narcorepublic dominated by foreign cartels.

It is nice to know the security forces understand it that way. A few days ago General Nicolas de Bari Hermoza said: "But when this criminal industry affects humanity and involves a large percentage of the country's population, then it becomes a problem for the action of the Armed Forces."

Since 1991, when the FAP [Peruvian Air Force] began combined patrol and interdiction operations with U.S. support, the security forces intercepted, captured and/or destroyed on land 206 Peruvian and Colombian air-planes. Those still flying and the ones that replaced the others must be finished off. It is that simple.

General Hermoza also reported the destruction of 80 clandestine airfields, the capture of 13,000 narcoterrorists, the destruction of 609 maceration pits and 108 laboratories, and the seizure of 33 tonnes of drugs and 445 tonnes of precursors. That is perfect. Only after the law overpowers the criminals operating in eastern Peru will it be possible to move effectively in the replacement of crops, in order to be able to help 200,000 Peruvians redeem themselves by once again becoming useful farmers and cattle raisers to the country instead of narco producers for the evils of society.

Exclusion of 'Key Issues' at Americas Summit Criticized

PY3012162694 Lima CARETAS in Spanish 22 Dec 94
p 49

[Commentary by former Foreign Minister Luis Gonzales Posada: "Wuthering Heights"]

[FBIS Translated Text] The Summit of the Americas may slide down a hill of frustrations if the agreements achieved in Miami, and mainly that entailing the commitment to integrate the continent by the next millennium, cannot be enforced in a pragmatic, dynamic, and creative manner.

A preliminary evaluation of the summit is disappointing, as the 34 heads of state did not discuss key hemispheric issues.

One of them is regional disarmament.

Statistics indicate that Latin Americans spend annually \$11 billion to purchase guns and maintain an army of 1.5 million troops. This represents 2 percent of our overall income.

Moreover, this reflects an historic trend, because from 1975 to 1985 we spent about \$122 billion in arms. All this is happening while each year 700,000 Latin American children die of hunger or for lack of primary medical attention; while 135 million live in poverty; and while 65 percent of the population has no access to social services.

It is absurd, therefore, to remain deaf, dumb, and blind, and not face this dramatic reality, particularly when we know that the arms race is advocated and spurred by outdated situations: the existence of military regimes, the tradition of resolving territorial conflicts by force, and the lack of willingness to achieve integration. All this seems part of the past. Democracy is today an international reality; disputes and conflicts are resolved at the negotiating table, and not through arms conflicts; integration processes abound and are being achieved at an accelerated pace; and the East-West conflict is over.

What is the purpose, then, of maintaining an exaggerated arms budget? Why do we continue to purchase sophisticated combat planes, air-to-air missiles, submarines, tanks, and offensive weapons? Why, in sum, do military

contingents continue to be detached to borders fortified by underground installations, and costly war exercises are held when we know for a fact that there will be no conflagrations and that no one will annex territories by force?

This issue should have been courageously discussed at the Miami summit. It would have been an historic event had the heads of state agreed to hold a Disarmament Summit to put a halt to the purchase of arms; to put a freeze on territorial claims, which serve as an excuse for the arms race, for an entire decade; and to rationally reduce the number of troops and military bases. All this could be conditioned to the granting of credit, subject to verification by either the United Nations or the OAS that the requesting countries have not acquired any arms.

The Summit also ignored other no less important issues. The huge regional foreign debt totaling \$450 million that burdens our economies, halts development, and undermines social programs went unmentioned in the Action Plan, which contains 23 specific proposals and was published in the last issue of CARETAS. Contrary to expectations, the issue was only vaguely mentioned, with a six-foot pole. A specific framework agreement should instead have been achieved to resolve the situation, particularly when a few weeks ago, in a moving and excellent speech, the pope proposed that wealthy countries coordinate or renegotiate the debt with developing countries as a token for the end of the century and the start of a new millennium.

Although agreements were fulfilled to strengthen the OAS concerning democracy, human rights, and narcotrafficking, the chiefs of state did not sign a commitment to invigorate this aging and dying organization, which has lost presence and political power because of the responsibility of our own countries. No one is interested in having a protocol organization that is indifferent to urgent issues affecting the hemisphere. This was shown by the Salvadoran Government and the Farabundo Marti National Liberation Front, which signed a peace agreement within the framework of the United Nations and not the OAS. The Guatemalans, like the Haitians before them, are also doing the same. This weakens even further the only regional system we have available.

The discussion of these issues, like establishing an Alliance Against Narcotrafficking, would have been an encouraging sign for Latin America, a sign that we are achieving progress in a pragmatic and efficient manner, a sign that we have overcome rhetoric and our traditional preference for the flamboyant and for confusion. In view of this it is difficult to be optimistic when we review the list of issues that were not included in the 23-point Action Plan, which, however, does promote tourism and the strengthening of women's role in society. Although these issues are indeed important, they are not as crucial as the other issues that were not discussed.

In sum, the Summit was limited to achieving a commitment to make viable—by the year 2005—the commercial integration of our countries, and Chile was virtually accepted as a member of NAFTA, comprising the United States, Mexico and Canada.

Now it is our turn, because ours is the responsibility to draft an Agenda and an Action Plan that truly comply with Latin American interests.

Venezuela

Caldera Signs Into Law Trade Accord With Mexico, Colombia

PA3012145694 Caracas Union Radio Network in Spanish 2200 GMT 29 Dec 94

[From the "Union Radio News" newscast]

[FBIS Translated Text] President Rafael Caldera has signed into law the Group of Three [G-3] Free Trade Agreement. The G-3 presidents will simultaneously approve the agreement, which will be effective on 1 January 1995, in a few days.

Venezuelan Foreign Minister Miguel Angel Burelli Rivas made the announcement after attending a ceremony at the presidential office to sign the free trade agreement between Venezuela, Mexico, and Colombia.

The minister has said new appointments will be made early next year to staff the Sea and Submarine Area Delimitation and Border Commissions, which are charged with studying and solving problems in Venezuela-Colombia relations. He also has said the Sea and Submarine Area Delimitation Commission will be in charge of studying the various points pending negotiation between the two countries. Finally, the minister has said the Border Commission will have to solve the numerous problems that arise everyday from the close relations between the two countries.

Minister on Border Dispute, Caldera's Visit to Los Monjes

PA3112171894 Caracas EL NACIONAL in Spanish 29 Dec 94 p D-1

[Report by Wilfer Pulgarin]

[FBIS Translated Text] Foreign Minister Miguel Angel Burelli Rivas agreed with his Colombian counterpart, Rodrigo Pardo, that an expeditious agreement on the boundary dispute "is ideal for the two countries."

Burelli also agreed with the minister of the neighboring country that President Rafael Caldera's recent inspection of Los Monjes should not arouse suspicion.

Burelli said: "We share the same goal and corroborate what he (Pardo) says; that is, it is customary for all Venezuelan presidents not only to fly over but to visit our territory without discrimination of any kind."

Caldera's flight over Los Monjes had no special significance, because it concerns Venezuelan territory according to Burelli.

Burelli said: It is as if he flew over Cagua or Barcelona. There should not be any suspicion. For all intensive purposes, that is Venezuelan territory. Would the president's visit to Guacara merit any attention?

According to international news agencies, certain Colombian nongovernmental sectors have voiced concern over the Venezuelan president's visit to the archipelago located in the Gulf of Venezuela.

Burelli said the authorities have "absolute control" of their territory, saying it has been customary since President Caldera's first visit, when a number of installations were built in Los Monjes, for national leaders to visit, by ship or helicopter, that part of the country.

Burelli made these statements at the conclusion of the regular meeting of the Council of Ministers at Miraflores Palace yesterday. It was also revealed the president of the Republic commissioned the Foreign Minister and Roberto Perez Lecuna, the environment and renewable natural resources minister, to represent Venezuela at the inauguration of Brazil's president-elect, Enrique Cardozo, scheduled for 1 January.

Committee Chairman Comments

PA0301004895 Caracas EL UNIVERSAL in Spanish 31 Dec 94 p 1-11

[Report by Exequiades Chirinos Q.]

[FBIS Translated Text] German Monzon, chairman of the Chamber of Deputies Foreign Policy Committee, has said it is possible to attain political accords on the Gulf of Venezuela, although Colombia must work to prevent robberies on the Venezuelan side of the border.

I really think that in this democratic era we have the best opportunities to negotiate and reach an agreement on the Colombian-Venezuelan border dispute, according to the representative from the progovernment National Convergence movement.

The main reason presented by the National Convergence deputy to support this argument is "the prestige of President Rafael Caldera, whose ethics will enable us to reach an accord."

He stressed, "The political conditions in the country place us in the best position ever in this democratic era."

Is economic integration with Colombia a priority?

To this, he responded: It is an indispensable condition, because it is possible to reach political accords.

He highlighted that Colombia must demonstrate "the best intention to reach accords with Venezuela," and,

according to the lawmaker, this includes respect for the Venezuelan border, just as we respect the Colombian border.

Colombian territory is used to attack Venezuela, because 90 percent of the kidnappings in 1994 were planned in Colombia, and most ransom payments were taken to that country.

He warned, "Venezuela has not attacked any Colombian, and President Caldera flew over the Gulf of Venezuela because he must respond to the people and government."

Deputy Monzon stressed that the Colombian Government must demonstrate the goodwill it is proclaiming.

Regarding the role played by the Colombian-Venezuelan presidential commissions, Monzon said, "These commissions must intensify their work and seek mechanisms to resolve the border dispute."

National Convergence Is Not a Traditional Party

Monzon expressed his agreement with the statements made by AD [Democratic Action] leader Octavio Lepage, who said all national parties are discredited.

The reason for this is that, in the political system prevailing since 1958, AD, Copei [Social Christian Party], and other political groups have been discredited.

He noted that, unlike traditional organizations, "National Convergence is a political movement, not simply a party with a different style and characteristics. Therefore, it is not limited by the Venezuelan political system."

He noted, "The people believe in the president, and we, through our movement, hope to be able to provide greater political support to the president in 1995, because we will win governorships and mayoralties, and this will enable the government to maneuver more easily."

LHC [Luis Herrera Campins] Displays His Fear

Referring to the criticism recently voiced by the new Copei President Luis Herrera Campins, the legislator from Merida stressed that the election of LHC as president of the green party "is Copei's very late recognition of LHC. He knows who are his friends and who those are who do not seem to be part of his organization but, rather, appear to be from different groups."

Evidence of this is that after 10 years they wanted to "bring him back" to recognize the merits he undoubtedly has, because Luis Herrera does not have the same Copei style as anyone else in the National Directorate.

Monzon explained LHC's opposition to the president of the Republic is rooted in his "fear," because "a man's worst enemies are often those of his own house." He said Copei is hurting because Caldera is moving the country

ahead, and this is perhaps what hurts them most." [no opening quotation marks as published]

They are achieving that without Copei, Deputy Monzon concluded.

Foreign Minister on Achievements, Pitfalls

PA0201233295 Caracas EL GLOBO in Spanish 31 Dec 94 p 6

[Report on interview with Foreign Affairs Minister Miguel Angel Burreli Rivas by Laura Wefter Cifuentes; place and date not given]

[FBIS Translated Text] Miguel Angel Burreli Rivas wants it made known that he worries. He believes politicians do not take the job as seriously as they should. Burreli Rivas considers the job a public service, and he believes very few people approach it that way. "Politics is like the priesthood," he says.

According to his way of thinking, the career has been tainted by entrepreneurs who sell ethics and create commissions to acquire greater wealth.

"All Venezuelan democracy is tinged with corruption," and this is why the Venezuelan program is designed to be a panacea by cracking down on political crimes and those perpetrated by big business "gurus."

Nevertheless, Burreli Rivas again complains about the behavior of his fellow nationals. "Even if corruption were wiped out and everyone accepted the program, Venezuelans would not recognize the achievement because only negative things are seen here. Here Simon Bolivar is just a poor devil."

From this phrase onward, the foreign minister delights himself with one of his favorite topics, that of the Liberator. Of course, he says the Liberator is much more revered in other countries, while Venezuela is the place where he is least revered.

He says, "Everyone here believes that we are the worst."

The United States Respects Us

Personally, he believes his work as foreign minister has caused him many problems. He says, "It has been intense and difficult, and I have only enjoyed the satisfaction of doing what I can, what I am able to do."

Regarding the "impasse" at the OAS when he became a candidate and then was forced to withdraw because of a lack of support, he says, "I do not even remember that any more."

Meanwhile, he is satisfied with Latin American relations, especially with advances toward integration with Brazil and Colombia.

In terms of Brazil, electricity has been supplied to Manaus with investments worth \$22 million to the north, Petrobras and PIDVSA [Venezuelan Petroleum,

Inc.] have been merged into a company known as Petro America, and we shall benefit from Brazil's advanced environmental protection techniques.

In terms of Colombia, Venezuela has acquired a favorable trade balance, as well as treaties and jointly signed documents.

With Europe, we achieved preferential tariffs, and with the "United States, we managed to earn respect as a nation."

One of the foremost points with which he had to deal as foreign minister is the revamping of foreign service laws, which have been reformed in line with the pulse of diplomatic dynamics. Despite the fact that he never tires of saying bureaucracy is corrupt, he says those who are rescuing it are the Foreign Ministry's third secretaries—the young people who begin their careers in a more responsible manner.

Acceptance Into EU Andean System Opens Door to Exports

PA3112233994 Caracas EL GLOBO in Spanish 30 Dec 94
p 4

[FBIS Translated Text] The European Union's decision to include Venezuela in the Preferential Andean Customs System [Regimen de Preferencias Arancelarias Andinas, PAA] that also benefits the other Andean countries, poses a challenge to Venezuela's export sector, which must take advantage of this opportunity at a time when the international market is opening up and offering an undeniable opportunity for development.

The Foreign Trade Institute [ICE] provided this information. It indicated that in December of this year, the European Union's Council decided to include Venezuela, following Venezuela's request for equal treatment, a petition that received the complete support of the Andean countries during a meeting held by the Cartagena Agreement Commission in Caracas in April. Thanks to this decision, Venezuela now has the opportunity to export, tax-free, 97 percent of its export products to Europe.

This is important not just because the different treatment of Andean exports has now ended, thus eliminating the distortions that the exclusion of Venezuela created within the Andean integration process, but because now very favorable conditions have been created for increasing our trade with Europe because this agreement markedly enhances the competitiveness of our products by providing a necessary profit margin.

It is important to point out that in 1993 Andean Group exports to the European Union totaled \$4.621 billion, or 16 percent of the total of Andean exports to the rest of the world. This makes Europe the second largest market for the Andean countries, a fact that confirms the importance of Europe as a social partner of the Andean countries.

The rise in Andean exports to Europe has occurred thanks to the Andean countries taking advantage of the European Union's generalized preferential system. This has been evident in the extent to which this system has been used, which went from 69 percent in 1988 to 77 percent in 1991 to 82 percent in 1992.

Regarding the diversification of Andean exports to this market, it can be pointed out that in 1990, the Andean region participated with 1,095 subitems. In 1993 the figure for subitems climbed to 1,477, with Venezuela and Colombia having the largest diversification.

All these elements permit us to theorize that, with Venezuela's incorporation into this system, exports will increase, because the system represents an incentive for Venezuela's export sector, which must not waste this significant opportunity to increase its productivity and place its products on this market so that it may considerably push up the figure of \$713,441,000 worth of goods that, according to the ICE, Venezuela sent to European Union countries in 1994.

Caldera Reviews General Restructuring Process

PA3112191194 Caracas Union Radio Network in Spanish 2200 GMT 30 Dec 94

[From the "Union Radio News" newscast]

[FBIS Translated Text] President Rafael Caldera has said a general restructuring process has been initiated in Venezuela. Venezuela has achieved political stabilization through Caldera's government program and is on its way to attaining economic recovery.

Attaining political stability is one of the government's most prominent actions in 1994. Authority and a respectable image were reestablished at the highest government levels in this regard. Caldera has said political, civil, and constitutional stability, as well as military pacification and the reunification of the Armed Forces, were all attained this year.

The decentralization process was expanded, and the government created a commission to monitor public authorities so as to fight corruption. The groundwork was laid during 1994 to initiate an economic expansion in 1995. The government adopted financial control measures out of necessity so as to restore balance and to develop an economic recovery and stabilization program. We can mention record nonoil exports, which amounted to \$4.5 billion, and accumulated foreign investments that increased by more than 100 percent over the previous year.

Among other points, the government has reported international reserves increased to \$12 billion. The commercial balance at the close of the year will have reached a surplus of \$4.121 billion, a sharp contrast to the \$2.223 billion deficit reported in 1993.

Executive Branch Officials on Caldera's Performance*PA0201212095 Caracas Venezolana de Television Network in Spanish 1630 GMT 2 Jan 95*

[From "The News" newscast]

[FBIS Translated Text] Although prospects did not seem so promising, 1994 ended with better-than-expected results. The presidential message was an appeal for solidarity and a call to face the challenges of the New Year. This is how some executive branch representatives reviewed the president's performance. The executive branch believes one of the main priorities and challenges of 1994 was the drafting of new proposals to increase financial reserves and to correct critical mistakes made in recent years.

[Begin recording] [Social Affairs Minister Pompeyo Marquez] The main issue in 1995 is to emphasize all of the policies that were drafted in light of the experiences of 1994.

[Prosecutor General Ivan Dario Badell] The Public Prosecutor's Office must act in step with events. The Public Prosecutor's Office must act when the law is violated, and it will act resolutely, as it has been done up until now.

[Attorney General Jesus Petit Da Costa] We have entered a time of reorganization, and, in 1995, the Attorney General's Office will play a much more effective role than the one it played in 1994.

[Finance Minister Julio Sosa Rodriguez] The message is very positive. I would say it is very objective, realistic, and positive [words indistinct] the Republic. Above all, I think his appeal for solidarity to all Venezuelans truly represents the means by which we must help our country advance.

[Energy and Mines Minister Erwin Arrieta] We have already proposed to the sovereign Congress of the Republic that we open the oil sector and include the private sector's participation in some specifically established areas—namely, drilling and exploration. [end recording]

Another issue that has caused concern among members of President Caldera's administration has been the lack of personal security. Although no clear results have been achieved, efforts continue to support projects and investments that will counter and prevent security problems.

[Begin recording] [Interior Minister Ramon Escovar Salom] Security work does not always yield immediate results. The people must be quite clear about this. Efforts are being exerted by the government, and yet crime has gotten so far out of hand that a lot needs to be done despite our efforts. These efforts must continue in 1995.

[Justice Minister Ruben Creixems] I think it is important for the National Congress to approve the penitentiary funding. This fund will become an institution that

will allow the construction of new prisons in Venezuela. We have a problem of overcrowding, and this can only be resolved by creating more space in the penitentiaries. [end recording]

Cabinet Examines 1994 Fiscal Results, Tax Achievements*PA3112015694 Caracas Union Radio Network in Spanish 2200 GMT 29 Dec 94*

[Report by Isa Marina; from the "Union Radio News" newscast]

[FBIS Translated Text] Venezuela received an additional revenue of 350 million bolivares, due to the tax collection program implemented by Finance Minister Julio Sosa Rodriguez. During a meeting at the Miraflores Presidential Palace on Thursday [29 December], the cabinet examined the fiscal results and tax achievements of 1994.

Deputy Finance Minister Luis Javier Grisanti said that macroeconomic indicators demonstrate the reduction in the GNP, which the Central Bank estimated to be 3.3 percent. Inflation was estimated at 70 percent, and the depletion of international financial reserves was much less than expected. Grisanti finds these results to be quite satisfactory. He added that Finance Minister Julio Sosa Rodriguez' tax program produced additional revenue during 1994 totaling 350 billion bolivares [figure as heard].

[Begin Grisanti recording] [in progress] ...percent of the income from oil taxes for 1993. We are, then, witnessing a real tax revolution in the country. During fiscal year 1995, we will see non oil-related taxes grow to 55 percent of the total tax income for the first time in 50 years. [end recording]

Other 1994 fiscal results reported by the finance minister include the tax modernization plan, the creation of the integrated tax administration system, the Financial Emergency Board, and the redefining of the currency exchange system, which Deputy Minister Grisanti said is becoming more liberalized.

Senior Officers Said Determined Not To Accept Appointments*PA3012165994 Caracas EL GLOBO in Spanish 29 Dec 94 p 3*

[Report by Jose Ramon Diaz]

[FBIS Translated Text] Air Force Generals Magalio Montiel Arguello, Otto Garcia Rivera, and Tulio Prado Fernandez and Admirals Carlos Ramos Flores and Oscar Jose Morales Martinez were determined as of yesterday not to accept any appointments within the commanding ranks of the Venezuelan Armed Forces. More specifically, the Air Force officers said Defense Minister Gen.

Moises Orozco Graterol was of lesser seniority than they, according to trustworthy sources at the Defense Ministry.

According to the information gathered at the Defense Ministry, the changes in the high command announced recently have brought about a somewhat common "impasse" among the general officers and admiralty. The new defense minister's hierarchy is more recent than that of those nominated for the new command posts.

To illustrate this point, they said, we have the cases of Montiel Arguello, who is an Air Force division general and has held the post of chairman of the Joint Chiefs of Staff, which he now rejects, as he has more seniority than Orozco Graterol. Prado Fernandez and General Garcia Rivera, former Air Force commander, both of whom are Air Force division generals, feel likewise. Prado has been offered the post of inspector general of the National Armed Forces, and Garcia was nominated as executive secretary of security and defense, after having been pulled out of his natural post as commander of La Carlota.

A similar "impasse" is stirring at naval headquarters, as Vice Admiral Ramos Flores was moved from his command post with the Navy and offered the post of chairman of the Joint Chiefs of Staff at the ministry. It is said he will not accept the appointment, although the high command was trying to convince him yesterday afternoon.

Vice Admiral Morales Medina, the current inspector general of the Navy, joins Ramos Flores in the problem. Morales is refusing to remain in this post, because he is not subordinate to Vice Admiral Jesus Enrique Briceno Garcia, the former chief of security and defense.

Another name was proposed last night for chairman of the Joint Chiefs of Staff. The idea is to appoint Air Force Gen. Jose Antonio Paredes Nino, the current general director at the Defense Ministry, and replace him with Army Brigadier Gen. Fermin Barroso Fuenmayor.

Two Army division generals will still be left without assignments. In order of seniority, there is Pedro Manuel Hernandez Guevara, the current chief of staff of the Army who could be the chairman of the Joint Chiefs of Staff, at the expense of the Navy losing that post. Next in order is James Augusto Prado Navas, the present chief of the Armed Forces Unified Command. The top brass has wanted to send Prado Navas on a military mission overseas from the beginning.

Proposal for Orinoco Oil Sales Studied

95SM0079B Caracas EL NACIONAL in Spanish
31 Oct 94 p E2

[FBIS Translated Text] The proposal by former Minister of Energy and Mines Humberto Calderon Berti to pay the foreign debt with crude from the Orinoco Oilfield opens up a national debate, as it implies radical changes

in our Constitution and laws, which establish the principle that our subsoil resources belong to the nation. The petroleum analyst's idea calls for the sale of reserves, as the petroleum would not be immediately extracted by the purchaser.

On 7 October, Calderon discussed the scope of his proposal, which is intended to respond to the nation's pressing need to pay its foreign debt. He proposed putting on sale in an international public bidding process 2 percent of our total heavy crude reserves in the Orinoco (a total of 1,200,000,000 barrels), and using the revenues from this transaction (about \$10 billion) to pay off solely and exclusively the restructured public foreign debt, which comes to \$21 billion.

At this time Venezuelan debt paper is being quoted in the markets at 49 percent of its value, and the \$10 billion listed above would enable Venezuela to buy back almost all of this paper, according to the former head of Energy and Mines. The Orinoco resources are expected to produce for 300 years. But the reality is that petroleum will be declining as the principal energy source during the next 30 years, so it would be wise to make maximum use of those enormous hydrocarbon resources now, while at the same time resolving a pressing problem for the nation, our foreign debt.

Calderon termed his proposal "bold" because of its constitutional and legal implications. But he believes it does not violate our national sovereignty, given the reality that in 1995 we will have to devote 50 percent of the nation's petroleum revenues to paying our foreign debt, and this would mean taking away resources from health, education, or security.

Luis Giusti: PDVSA Studying the Proposal

Without committing PDVSA [Venezuelan Petroleum, Inc.] to any position on Calderon's proposal, the corporation chairman, Luis Giusti, said: "We have received this idea in the best of spirits, since one of the things we must do is seek innovative formulas to make the best use of the Orinoco's resources. They are so big that, as I have said many times, they run the risk of remaining buried there forever."

He said the Calderon formula does not affect the strategic association joint development projects in the Orinoco between Maraven and Conoco and Total-Itochu-Marubeni, although "it must guaranteed that any benefit arising from this proposal must be transferred to these projects already underway; otherwise, that would be detrimental to those who have already committed to investing under the present conditions." There must be a debate on this proposal to reach a national consensus because of its strategic, technical, legal, and even constitutional implications.

In a few weeks Venezuelan Petroleum, Inc. will send to Minister of Energy and Mines Erwin Arrieta its opinion

and recommendations on the proposal which Calderon Berti has submitted to Congress.

Alan Viergutz: Light/Medium Crudes Better

The former president of the Petroleum Chamber, Alan Viergutz, expressed agreement with the concept presented by Calderon Berti, but said the formula should focus on light and medium crudes, as the heavy crudes concept is not marketable. "We have to consider the fact that Total and Conoco have 20-year agreements for extraction from the Orinoco Oilfields, and they are not paying for reserves," he noted.

During a trip which Viergutz made to Japan last March with Valmore Acevedo Amaya, in which they met with high-level representatives of the energy sector in Japan, Viergutz observed that they are more interested in light and medium crudes. That is the source of his proposal to concentrate on negotiations for the production of these hydrocarbons. After their trip a report was sent to Minister Arrieta in which they raised the possibility of paying the foreign debt with petroleum, and recommended that the current legal and fiscal system governing the hydrocarbons sector be altered.

Petroleum's present low prices in the international market require that we be creative in the fiscal area so that investment in Orinoco crudes will be attractive. Therefore, light and medium grades are more suitable for paying the debt, as they sell for better prices.

Andres Sosa Pietri: Proposal Unviable

PDVSA's former chairman, Andres Sosa Pietri, said he does not disagree with the proposal, but he said it is not viable economically, as the Orinoco projects already face a very heavy burden with their cash flow, which has forced the state to accept a lower income tax (34 percent) than the tax paid on light and medium crudes (67.7 percent), while the royalties might possibly decline to 1 percent.

The combination of these factors yields a 16-percent return on Orinoco projects, which is low for petroleum projects in general, and if to this is added a prepayment for the barrels to be extracted (as in the Calderon formula), development simply becomes unviable. From a strategic viewpoint there is also a problem, as countries that are net petroleum importers, like Japan, have already made arrangements to ensure their petroleum supplies.

Sosa Pietri believes that it would be feasible to sell PDVSA stock (up to 49 percent) on the world's stock exchanges. This would provide financing for the industry's plans and projects, pay the public debt that has not been refinanced, retrieve some debt paper for the refinanced public debt, and ensure PDVSA's financial and administrative autonomy without impinging upon the state's right to set the guidelines for its petroleum policy. In addition, it would free budget resources to be used for

education, health, security, defense, and basic infrastructure, including low-cost housing.

Miguel Bocco: We Would Still be Stockholders

From a conceptual viewpoint, Calderon Berti's proposal is not new, as there has always been talk of paying the debt with petroleum, according to the president of the Petroleum Chamber, Miguel Bocco. What is new is using a small portion of the Orinoco's reserves, which are enormous. However, according to this businessman, the idea's disadvantage is that "we would continue to be stockholders, as we part with our resources for money."

He feels that a formula based on productive and creative work by the Venezuelan people would be better, but it can not be overlooked that there is an urgent problem to be solved: paying the foreign debt. Still, when the method of selling these reserves is designed, we must make certain that in the future this same formula will not be repeated as a method for paying off new debts.

Bocco expressed opposition to selling PDVSA shares in international stock exchanges, because that does not create resources and it would be a temporary palliative that would deprive us of petroleum revenues from a PDVSA that is 100 percent owned by the nation in the future.

Consortium To Develop Inactive Oil Field

95SM0079A Caracas *EL DIARIO DE CARACAS* in Spanish 18 Nov 94 p 14

[Article by Patricia Ventura Nicolas]

[FBIS Translated Text] The Petroven [Venezuelan Petroleum, Inc.] subsidiary, Maraven, has signed an operating contract with a consortium composed of a U.S. firm, Samson, and three Venezuelan companies: Vepica, Ingenieria [Engineering] 5020, and Petrolago, to develop the Falcon Oeste [West Falcon] area.

As its name indicates, this area is located in Falcon State and includes the Tiguaje, Hombre Pintado, Mene, and Media fields, which have been inactive for the past 15 years.

Present at the signing of the agreement were: Freddy Alvarez Yares, vice minister of Energy and Mines; Michael Giglio (Samson); Edgar Romero Nava (Petro-lago); Miguel Bocco (Vepica); Jacob Abadi Abadi (Ingenieria 5020); and acting for the first time as Maraven's president, Emilio Abouhamad.

Operating contracts are a development mode listed in Article Five of the Organic Law Reserving the Hydrocarbons Industry and Commerce for the State, better known as the Nationalization Law.

This form of association is intended to reactivate fields, develop undeveloped areas, or increase production in active fields where the National Executive or PDVSA

[Venezuelan Petroleum, Inc.] feels it is appropriate to hire third-party services. Prior approval by Congress is not required in such cases.

In this operating agreement, the units bid upon were areas that the multinationals have ceased to operate, as they were not very profitable, given crude prices and the recovery technology available in the past.

The Samson/Vepica/Ingenieria 5020/Petrolago operating agreement calls for investments of about \$14 million over three years. For the first year investments of \$3.5 million are scheduled; in the second year, \$7 million; and in the third year, \$3.5 million once again. The U.S. firm will provide 85 percent of the investment, and the Venezuelan firms will provide the balance.

With this operating contract, production is estimated to be 1,000 barrels a day of light and medium crude (25 degrees on the API scale) and 2 million cubic feet a day of gas not associated with petroleum, which may reach 40 million cubic feet a day by the year 2000.

Two More Agreements Before December

Maraven's president, Emilio Abouhamad, reported that before the end of 1994, this PDVSA subsidiary will sign

two more operating contracts, one for the Colon unit (in the western part of Zulia State) and one for the Falcon offshore area.

The first contract is being arranged between the firm Olympic and a partner still to be determined. Four companies are interested in the second contract: a Canadian, Argentine, French, and U.S. firm. Each of the four partners would have equal shares of 25 percent.

It was also learned that during the first quarter of 1995 a charter agreement establishing an association between Maraven and Conoco will be signed to upgrade crudes from the Orinoco Oilfield.

Citibank will head the pool of banks financing this project, which could reduce costs by about \$300 million by using the synergy created between this project and the Maraven project with Total-Itochu-Marubeni, which also plans to develop the Orinoco Oilfield. These two projects would share the pipeline and dock facilities. Such an arrangement is also being considered for industrial services (water, electricity, etc.).

The Maraven-Total-Itochu-Marubeni agreement is expected to be signed during the second quarter of 1995.

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